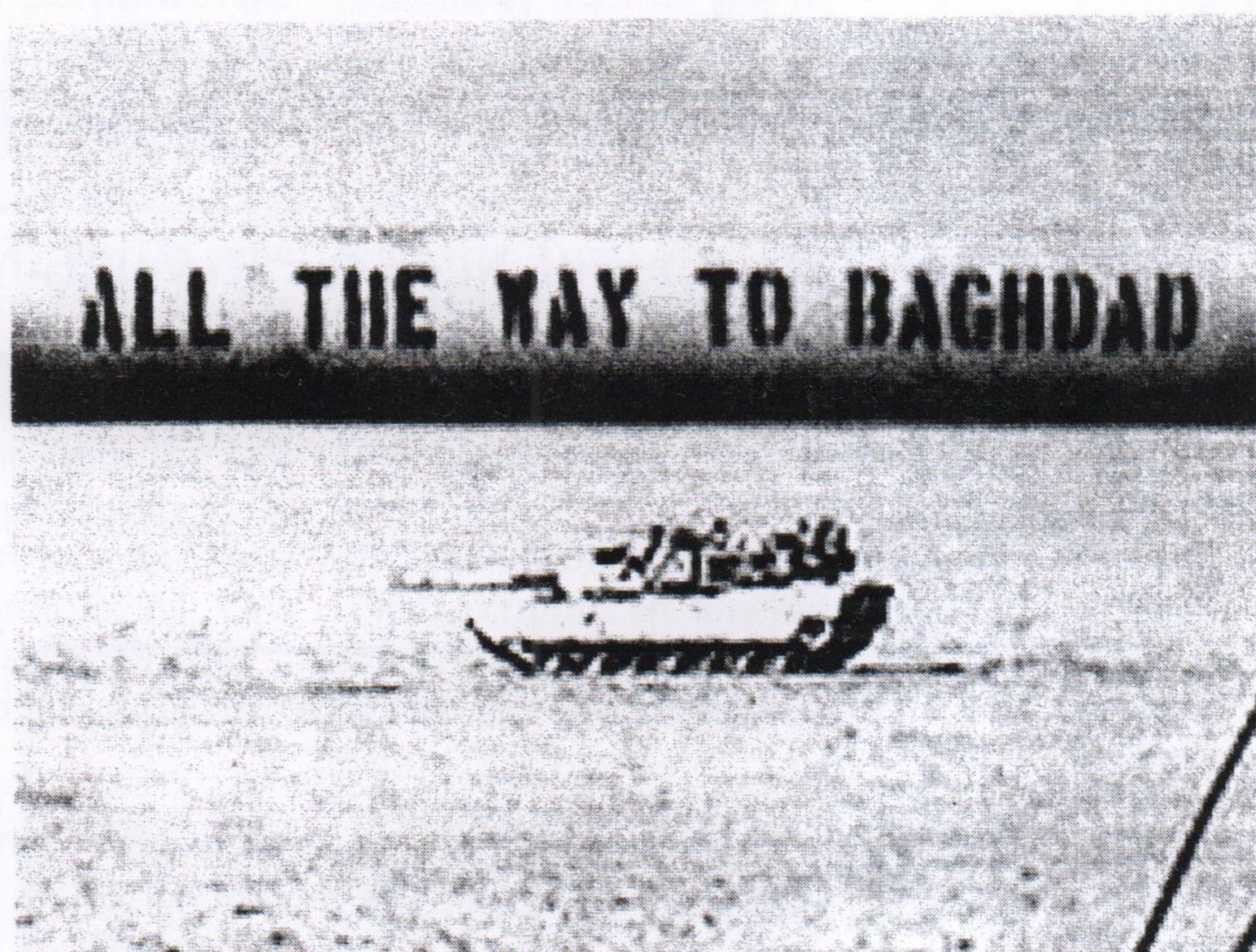


Revolutionary Perspectives 28

*Only the working class can bar
capitalism's many paths to war,...*



*...and only by the working class
liberating itself*

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**War on Iraq • Firefighters • North Korea
Consciousness and the Cult of the Party • The Dollar
Class Composition • Brazil • Porto Alegre**

Revolutionary Perspectives

Quarterly Magazine of the Communist Workers' Organisation
British Affiliate of the International Bureau for the Revolutionary Party

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Editorial

War, Imperialism and the Working Class

The new war with Iraq has revealed the barbaric destruction which our rulers are prepared to unleash on the inhabitants of any state which refuses to cooperate with their imperialist plans. This display of savagery is a stark message for the US rivals who have frustrated its plans at the UN. For the US, the peaceful disarming of Iraq was always quite unacceptable, since military occupation by the US is a necessary step in getting control of the Iraqi oil and rebuilding a Middle East more closely corresponding to the desires of US imperialism. This attack, which brought the curtain down on the farce at the UN, shows the US now feels sufficiently strong to go to war against the wishes of the majority of the security council. It shows the US is prepared to undermine both the UN and NATO in the pursuit of its imperialist interests. A new order of imperialism is being established. This is discussed in greater detail in "Iraq – War and Imperialist Occupation" below.

The war is also, of course, being aimed at the US's principal rivals Europe, Russia, China and Japan. These countries will now find it harder to bypass the US monopoly on managing the oil from the Gulf and will find it harder for their currencies, particularly the euro, to substitute themselves for the dollar as the currency in which oil is traded. While the US aims to weaken its rivals economically, it is also aiming at reversing the moves in Europe towards the formation of a bloc as a rival of the US. In this the UK government has played a key role. For the central European powers, particularly France and Germany, this war has come as a cruel reminder of their weakness. They will certainly now take steps to counter this weakness, steps such as the closer political ties in the direction of the federation so feared by the UK, together with coordination of foreign and defence policies. The weakening of NATO is likely to lead to a new pact based on the EU core countries and leading inevitably to the rupture of the Atlantic alliance. At any

rate, in this breaking of the old imperialist order the parameters in which the UK has operated since World War 2 will radically change and the UK's position as US cat's paw in Europe will become untenable. The Blair team imagine they can take part in the adventures of US imperialism even when they threaten the interests of core European states while, at the same time, retaining the economic benefits of the EU. But the capitalist economic crisis is bringing in its wake a chain of events which will force the UK to choose between its US alliance and Europe. The crumbs which it receives from the table of US imperialism, such as any participation in oil concessions in Iraq or reconstruction contracts, will have to be balanced against the economic ties which bind it to Europe. In the aftermath of the war we will clearly see if these crumbs are any more than US allies received after the Gulf War. Even before the war started, the US was awarding its corporations reconstruction contracts with the corporations previously controlled by Cheney and Bush at the top of the list. Nothing has been heard of opportunities for UK companies. The US does not really need the UK for its adventures and sees no need to reward it with more than crumbs. Ultimately, we consider, the attraction of the US alliance will be outweighed. When this happens, the stage will then be set for the emergence of a real rival superpower to the US, which is the precondition for developments leading to a new world conflagration.

A new nationalism?

The crimes which are today being committed in Iraq are an expression of the true nature of capitalism itself. They result directly from the present economic crisis and the imperialist forces it generates in the major powers. The Iraq crisis is bringing in its train a tide of anti-Americanism in Europe, even in the countries which support the US, such as Britain, Spain and Italy. As our rulers seek to realign themselves

into new blocs they are also seeking to draw the working class behind them into a new nationalism. A new European nationalism which defines itself in opposition to the US is arising. This can be seen in the pacifist movements which have moved from a simple anti-war stance to an anti-American stance. From here it is a short step towards European nationalism. This new unifying ideology is being directed towards the working class and is preparation for a future imperialist war in which the working class is mobilised behind a European bloc. It is very dangerous for the working class. The imperialism of the European bloc is just as vicious as that of their US rival. It is simply less powerful. It is important that the working class rejects this new nationalism and refuses to be mobilised behind it. The working class needs to fight for its own class interests independent of those of its exploiters. Only this fight can stop the drive towards war on which we are now embarked.

Workers have no country. They have a world to win!

Iraq

War and Imperialist Occupation

With the invasion of Iraq the US has announced its determination to launch pre-emptive wars anywhere in the world where it feels it has important interests and to change the governments of states which oppose its dictates. What is, in fact, announced is that the constraints under which US imperialism has operated up to now no longer apply. In the 21st century, which the US has baptised as the "American Century" the Monroe doctrine and the Roosevelt corollary will be applied, not only to the American continents, but also to the Middle East. The extension of this doctrine to cover other areas of the world, such as South East Asia where a war against North Korea is being prepared, is only a matter of time. In these areas of the world the rules of central and South America will apply and countries which oppose US interests will be treated like Grenada or Panama.

The events unfolding in Iraq demonstrate the nature of the new period of imperialism we have entered. This period has arisen from the collapse of Russian imperialism in 1991, and the consequent collapse of the only force able to maintain a pretence of constraining US appetites. With the emergence of the US as the sole superpower, US imperialism has shown itself prepared to resort to force whenever economic pressure and threats fail to compel states to do its bidding. Since the collapse of the Russian bloc we have seen the US going to war in the Gulf, in Bosnia and Kosovo, in Afghanistan and now in Iraq. All these wars have been, in the famous words of Karl von Clausewitz,

mere continuation of policy by other means.¹

In the case of the present war in Iraq, the policy which is being continued is securing oil supplies and control of the major oil-producing region of the world. At the more fundamental level, US imperialism is asserting its right to appropriate the profits produced by workers from the four corners of the world. Through its control of oil and the currency in which it is traded US imperialism spreads a vast net which drains a proportion of the surplus value extracted from workers worldwide into

the pockets of the US capitalist class. For US capital any threat to this arrangement justifies war.

New imperialist rules and new imperialist rivals

By asserting its interests in such a dramatic way the US has done more to form a the new imperialist order which has been emerging since 1991. In the countdown to this war tendencies in the international order which were latent and hidden have become patently obvious. US rivals, who had been former allies and had been content to hide behind US coat-tails in the Cold War period, began cautiously to assert their own interests in the '90's while never daring to put their heads above the parapet and oppose US interests directly. However, in the present march to war, where they perceive their interests to be directly challenged by the US, the Europeans, especially France and Germany, together with Russia have directly opposed US plans through manoeuvres at the UN. As we pointed out in RP 27 these countries all have their own imperialist motives compelling them to defend their interests in the Middle East, and have already positioned themselves to get their hands on Iraqi oil deposits. This is why these countries favour a peaceful disarmament of Iraq, which leaves their oil concessions intact, and oppose a US invasion which could cost them the

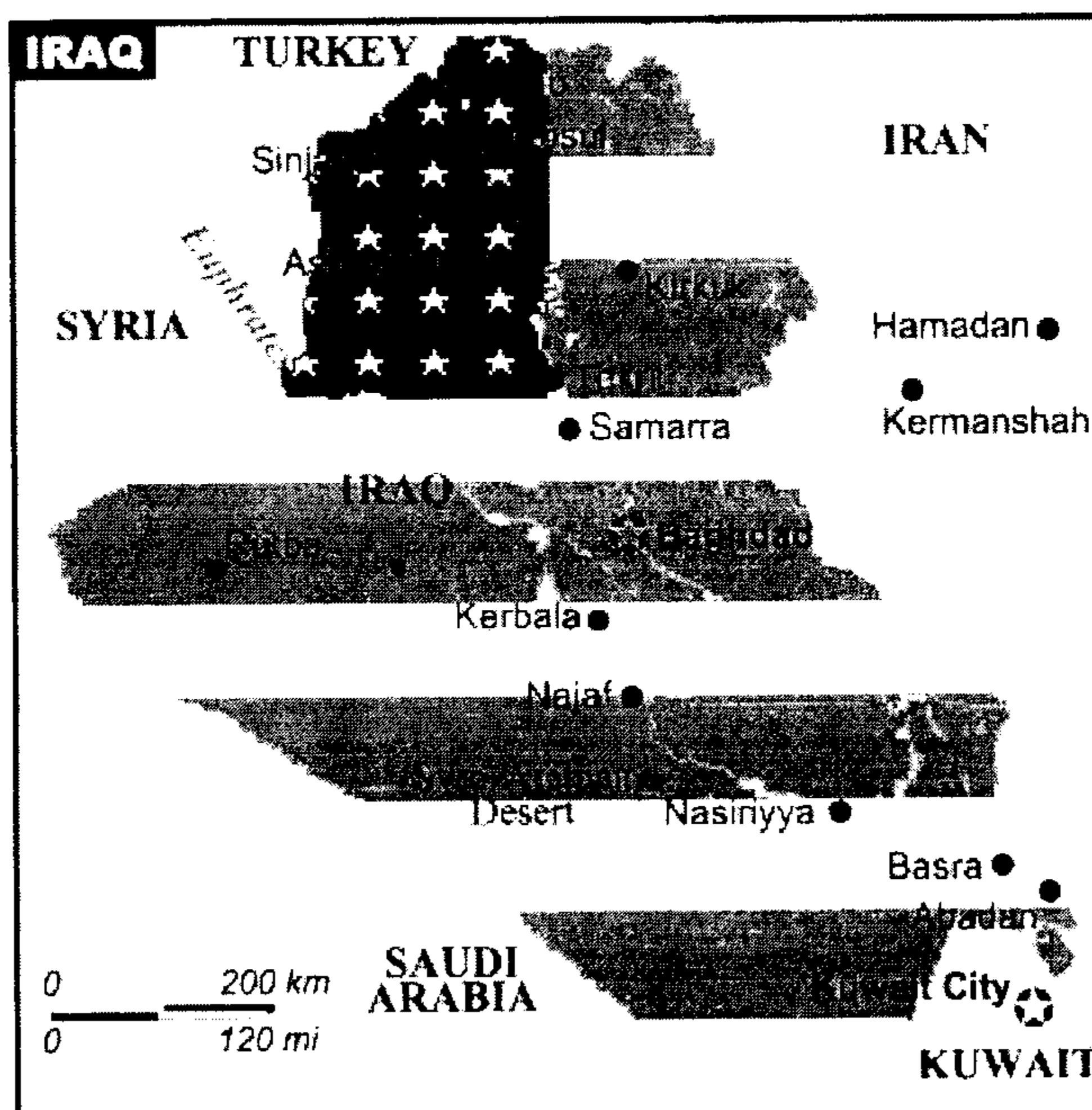
contracts they have signed. It is ironic that George W. Bush has managed to forge the "common European home" alliance which Gorbachev singularly failed to put together in the 1980's. There are no good guys in this imperialist saga. As we wrote in RP27,

The arrogant preachers of morality and

international law are, in fact, a gang of thieves quarrelling over how to divide the wealth of a victim they have cornered.²

NATO, UN and International Law

These conflicts of interests between the US and its former allies are inevitably producing ruptures in the existing international organisations of imperialism such as NATO and the UN. The dramatic refusal by France, Germany and Belgium to authorise the transfer of military equipment to Turkey, when the US requested it, reveals that the Atlantic Alliance is doomed. Similarly the farce being played out at the UN Security Council, and the US arrogant dismissal of its relevance, shows that this institution is shortly to return to the status it held during the cold war, that of a humanitarian agency. As we pointed out in RP 27, a Marxist understanding of global imperialism demonstrates that international bodies, such as the UN, are not independent of those countries who hold the real economic and military power. Such organisations will necessarily express the interests of the dominant imperialist power, or they will become irrelevant. The UN which is supposed to decide international questions of war is completely impotent in conditions where rival



US war aims

imperialist powers have the power of veto. In its 56 years of existence the UN has only authorised two wars, the Korean War and the Gulf War, while it has been powerless to stop the 150 or so other wars that have been waged in this period. In the case of the Korean War, the Russians made the mistake of boycotting the council, a mistake they did not repeat, and in the case of the Gulf War the Russian bloc had collapsed and, in the face of seemingly blatant aggression against Kuwait there was no case to defend against US wishes. Today, it is indicative of the growing imperialist rivalry between the US and Europe that France is prepared to veto the proposals of Bush and corporal Blair.

The brushing aside of the UN by Bush and Blair has caused much bleating about international law coming, not surprisingly, from the opponents of the US. While the capitalist class can agree on civil law, which is an expression of the class relationships in capitalist society and protects capitalist property, they find it hard to agree on international law. This is because international law expresses the relationships between sections of the capitalist class themselves and their nation states and is supposed to regulate imperialism. Such relationships are inevitably based on the power relationships between states, i.e. the powerful states make the laws and the weaker states obey them. The US reaction to the 1986 World Court judgement against it over Nicaragua, when it was found guilty of terrorism and ordered to pay indemnity to the Nicaraguan government, illustrates this point. George Schultz, who was then the US secretary of state, brushed aside the judgement as

*utopian, legalistic ...and... ignoring the power elements of the equation.*³

He was correct. International law only exists so far as the strongest states are prepared to enforce it and for the strongest states it is voluntary. The US can, therefore, ignore international law when it suits it to do so and force weaker states to obey the same laws. While the US has no hesitation in launching wars against Kosovo, Afghanistan and now Iraq in flagrant violation of international law, we are forever being told of the unacceptable violations of international law by Iraq, Iran, North Korea or whoever else is in the firing line.

It is instructive that the powers who are now shedding tears about the violation of international law, like France and Germany, did not raise this issue over Kosovo or Afghanistan. Only when their interests are being more directly threatened do we hear cries about international law. International law is nothing but a smokescreen behind which they intend to frustrate the interests of US imperialism and advance their own. Hence, they will only support a war authorised by the UN which, since they have the right of veto, will never happen.

The great powers do, however, want to retain a semblance of legality for their actions and we can confidently predict that after the US has achieved its interests by force, international law will mysteriously be found to justify what has happened. Weapons of mass destruction will be found one way or another and France and Germany will have no alternative but to accept what has occurred. A formula will be found to bring the UN into Iraq for humanitarian work and the talk of violations of international law will be forgotten.

The important issue in this wrangle is not that of international law itself but that other powers are now willing to confront the US, and that, as we have predicted for years, opposing imperialist blocs are arising. As has been said above the real argument over Iraq is about the division of its oil and the revenues from this which, in a few years time, could amount to some \$26bn⁴ annually.

This war can only bring closer the consolidation of the blocs of nations opposed to US hegemony. It will, therefore, bring closer further imperialist wars and ultimately world war. Although the war has apparently driven wedges between the countries forming the EU, this is likely to be a superficial result which the EU will take steps to prevent recurring. The institutional structures of the EU will be strengthened and this will be reflected in the constitution now being drafted. The leaders who have sided with the US will be isolated and put under pressure to support the core countries. The forces impelling the EU towards greater unity and the formation of a bloc opposed to the US, are economic and ultimately these will bring the political superstructure which rests on them into conformity. In all this the odd man out remains the UK. The

mid Atlantic position, adopted by successive UK governments has been abandoned by Blair and his cronies for one of slavish kowtowing to the US so that the British position is now almost untenable. Blair is about to come to grief on the same banana skin which brought Thatcher down, the issue of the UK's relationship to Europe (its biggest trading partner) and its relationship with the US (its biggest source of outward investment).

Motives for the War

Recent developments and statements from the US have shed further light on the real motives for the war. These motives are the securing of long term oil supplies for the US and controlling the oil price, the control of all oil supplies and transport routes from the Gulf region, and the establishing of a strategic bridgehead from which to attack other states opposing US dictates such as Iran or Saudi Arabia. Most of these objectives have been dealt with in RP 27⁵ and we refer readers the text "Countdown to war with Iraq" for a detailed discussion of these motives. We will, however, briefly summarise the main conclusions of the argument before looking at the developments which have occurred in recent months. The continuing importance of oil is shown by the fact that 62% of the world's energy still comes from oil and gas, and the growing importance of the Middle East as a source of energy is shown by the fact that this area contains the 65% of the world's oil resources which will outlast those in other regions. The US which today imports 60% of its oil is expected to import 90% by 2020⁶. Oil resources from the Middle East are thus becoming more important to the US than ever before. By occupying Iraq the US is seizing the second largest oil reserves in the world. These will secure for the US a safe long term supply of oil and enable it to control the price and if necessary destroy OPEC. The US will also be able to control the price and the flow of oil from this region and ensure it continues to be traded in dollars.

Given these objectives it was, therefore, no surprise to be informed by US secretary of state, Powell, that the first objective of US forces would be to seize the Iraqi oil wells. Already the great oil companies have started to haggle for a share of the fat cake which is about to become available. The Iraqi oil industry, which was nationalised in

1972, has, since the Gulf War, provided concessions to certain oil companies, notably, those of France, Russia, China and Italy who together hold \$38bn worth of concessions. British and US oil companies, hitherto excluded from Iraq, are now barely concealing their excitement. BP and Exxon have called for a "level playing field" which is a coded way of demanding that concessions already awarded to the likes of Totalfinaelf of France, or Lukoil of Russia be renegotiated. Both Shell and BP have discussed with Blair the possibility of claiming a stake in Iraq's oil reserves. Whitehall officials now openly speak of a production sharing scheme whereby some of the proceeds would go to Iraq and some to the oil companies. The proceeds going to Iraq would, of course, be used to cover the costs of the war and the military administration. With the lifting of sanctions, new exploration and investment, Iraqi oil production could be tripled to at least 7 million barrels a day (mbd) which could be used to secure stable supplies for the US and a reduction in price. This could also be a significant threat to OPEC.

A further advantage of US occupation of Iraq would be that Iraqi oil would again be traded in dollars. In November 2000 Iraq switched the currency in which its oil was traded from dollars to Euros. Although Iraq is the only producer to have made the switch other countries such as Venezuela and Iran have been considering doing the same. If more countries, or OPEC as a whole, were to do this it would be a serious setback for the US and a corresponding gain for the Europeans. This could seriously affect the dollar's role as the currency for international trade outside the US, particularly, of course, for the trade in oil. The dollar's importance in world trade can be seen from the fact that in 2000 half of the world's exports and 80% of the world's foreign exchange transactions were carried out in dollars. This shows the massive extent to which the dollar circulates outside the US as a fiat currency over which the US has ownership. This brings massive benefits, namely an unearned income of approximately \$500bn annually⁽⁶⁾. Increases in currency corresponding to increases in the volume of world trade can be covered by the US issuing more paper currency without causing inflation. In addition the holders of dollars who wish to invest their surplus, much of it derived from the US current account

deficit, are obliged to do so in the US. This ensures a continual flow of dollar capital to the US from the rest of the world. In effect the US levies a tax on the rest of the world for its use of the dollar.

At present the US has a trade deficit of approximately \$500bn annually and a national debt of \$6300bn. This will be difficult to sustain. It would become impossible if the dollar started to lose its position as a global reserve currency. Not only would the tax on its use dry up but its value would fall. An indication of what could occur has been seen in the last few months when large switches in dollar holdings to Euro holdings have seen the currency drop by 25% against the Euro. (See the text "Dollar in continual decline against the Euro" in this edition.) This decline could threaten the massive flows of capital which the US needs daily to fund its deficit and its debt payments. If these flows were seriously threatened, the US would be forced to raise interest rates which would in turn increase the payments it must make to service its debts and it would reduce economic activity. This could also create massive individual bankruptcies because of the enormous level of personal debt in the US, which could lead down a path of banking failures, deflation and a slump of 1929 proportions. The invasion of Iraq serves as a means of bolstering the dollar's position as the currency of the oil trade by force of arms, and much is at stake in this.

These considerations illustrate two further important issues which lie behind this war. The first is that, like all imperialist wars, it is directly related to the needs of the US economy. This, and not Saddam and his supposed weapons of mass destruction, is the real threat to the US capitalist class. The second is that the threat to the dollar is coming from the Euro, whose core countries are France and Germany. This is why these states are correct in understanding this war as a blow directed at their interests.

Iraq after the war

The US's preferred option has always been to retain Iraq as a unitary state in its present form and resist demands for Kurdish independence or autonomy for the Shiite areas. This was emphasised in a particularly bloody way in 1991 when Bush Senior left Saddam to butcher Kurds and Shias who dared to raise their separatist ambitions. Today

these two groups will be similarly sidelined by the US. It may be that the US is even intending to retain the existing Ba'athist state structures and simply replace the top echelon of Saddam placemen with Pentagon placemen. The glorious ambition of democracy and freedom which Bush is always promising is on its way a short distance behind the cruise missiles, bombs and tanks will never arrive. Any free election would bring either a Kurdish or a Shia regime to power which, of course, is the last thing the US wants. This is why they intend to use 55 000 Turkish troops to hold down the Kurdish areas, while British troops control Basrah and the south and the US holds down the rest of the country.

To fund the occupation, the US has made clear that oil revenues will be taxed and, in addition, blocked Iraqi accounts both in the US and in the UN account will be used to pay expenses of the occupation and the war. In other words, Iraq is to pay for its own conquest and occupation in the classic manner of imperialism. The US intends to bring in the UN, despite its failure to authorise the war, as a humanitarian agency to continue with the oil for food programme and to distribute food and other emergency supplies. Meanwhile the US itself will run the country and continue with the main task of getting its hands on the country's oil.

Much, however, could still go wrong with the US plans. The difficulties it has had in installing its armoured division in southern Turkey is an indication of the type of problems which could lie ahead. The US assumed it could bribe and threaten Turkey to get what it wanted, however the Turks demanded bigger bribes than the US was prepared to pay. The US offered \$6bn in grants and \$20bn in loan guarantees, but the Turks demanded \$92bn. After a lot of haggling, the Turks came down to \$30bn and Powell was sent to Turkey to sort out a deal. The final offer of the US came down to \$16bn, but this was rejected by the Turkish parliament. The Turkish government, which also demanded the offer in writing indicating a clear mistrust of the US, said it would resubmit the request to the parliament after the UN delivered a resolution authorising war! All this infuriated the US which has declared that no grants would be made to Turkey. Much of their heavy equipment destined for the Kurdish front has had to be shifted to Kuwait. The failure to

secure grants and the crisis provoked by the collapse of trade with Iraq could plunge Turkey's economy into acute crisis. Also, if the US fails to place its armoured troops in Kurdistan the plan of allowing 55000 Turkish troops to occupy the region could lead to bloody conflict with the Kurdish nationalists. In addition Iranian backed Iraqi opposition troops, the so-called Badr brigade, have entered Kurdistan. These are Iraqi Shi'ite forces recruited from the south of Iraq and trained by the Iranian revolutionary guards. The reasons for their entry into Kurdistan are not clear, but their presence is another dangerous factor and an indication that the Kurdish problem could still explode with unexpected consequences for the US.

The US is also bound to face other political problems elsewhere in the region which will come in the wake of its onslaught on Iraq. Popular anger at US imperialism is likely to rock the regimes of Saudi Arabia, Jordan and Egypt and could produce acute instability throughout the region prompting direct US intervention to protect its interests.

Another problem for the US is the whole question of payment for this adventure. Without a UN resolution, it is unlikely to secure payments from its allies as it did for the Gulf War, particularly as many of these allies oppose the war and regard it as illegal. Although the US plans to loot Iraqi bank accounts and take income from Iraqi oil it is unlikely that these will be sufficient. The cost of the war is estimated to be \$95bn and the US government has already requested the Congress provide \$80bn in additional funding to cover the cost of the war. In addition, the cost of the occupation will probably amount to another \$100bn annually. Confiscating Iraqi bank accounts and the income from a year's oil production would cover less than half the cost of the war. If fighting destroys the oil wells, as occurred in Kuwait, the income from Iraqi oil, which the US assumes will be in its hands, may take years to materialise. In the short term the US economic crisis is likely to be made worse by this adventure. Already the Congress is talking about halving Bush's famous tax cutting package. In the short term the US economic crisis is likely to be made worse by this adventure.

Of course, the US planners are aware of all these things and have concluded

that the long-term interests of US imperialism demand taking these risks. As far as the popular Arab anger is concerned they have adopted the adage of the Roman Empire, "let them hate, so long as they fear."

Turn the imperialist war into a class war

As we have pointed out, the causes of this war are rooted in capitalism's problems of profitability which are severely limiting accumulation of capital. The Bush Junta hopes, by means of this bold stroke to cut through the knot of economic and political problems in which it finds itself entangled. As has been said above, it hopes, by means of controlling the oil resources of the Middle East to achieve a guaranteed supply at lower and stable prices. It also hopes to be able to limit supplies and thus increase the prices which its competitors pay. At the same time it aims to retain the dollar as the currency of the oil trade, and thus of international trade generally, and so continue to reap the rich rewards which this brings. It is for this reason that the skies above Iraq are about to rain down missiles and bombs in a barbaric onslaught which will leave tens of thousands dead in the first days of the war. The war is, therefore, quite clearly an imperialist war waged for the interests of US capital as a whole but with the oil and military interests in the vanguard.

It is a war which will see workers mobilised behind their capitalist exploiters in the name of nationalism, and workers in their workplaces will be asked to make sacrifices for the war. Already the UK firefighters are being asked to suspend their strike for the sake of the imperialist interests of their exploiters. At the same time workers in uniform are being called to kill their Iraqi class brothers. All this is in direct opposition to the real interests of the working class which demand both total opposition to their capitalist exploiters whatever the circumstances, and international solidarity with workers of other countries. Workers have no country!

Since its formation in the 1920's the Italian left communist current, to which the CWO belongs, has defended the policy of revolutionary defeatism in the face of all capitalism's wars. This means that imperialist wars should be turned into class wars, that is to say, civil wars between the capitalist class and the working class. As we have

pointed out many times, this was the policy adopted by Lenin at the outbreak of the First World War in 1914 which eventually led to the revolution of October 1917. Today this remains the only position which can defend the interests of the working class and which can eventually lead to the overthrow of this rotten system under which we live. Although we are fully aware that today this is a distant prospect, and that the working class is dominated by the ideology of the capitalist class, this policy represents a direction of orientation and a pole around which revolutionaries can rally both now and in the future. This present war is merely the latest of a series of wars which will stretch away into the future on a road which is clearly leading to another world conflagration. The capitalist class cannot deviate from this road since the forces pushing it in this direction are located in capitalism's economy itself. The only way this drive towards war can be halted is through class struggle, class war and revolution. As we have said before, the choice before us is not between "war and peace" it is between "imperialist war and class war." We call on workers to:

- Refuse all sacrifices for the war
- Continue the class struggle
- Stage strikes in the war industries
- Refuse to transport war materials
- Turn the imperialist war into a class war for the overthrow of capitalism and the establishment of communism.

Workers have a world to win!

CP

Notes

- 1 Karl von Clausewitz *On War*, Book 1, 1.24
- 2 See "Countdown to war with Iraq", RP 27
- 3 Quoted by N Chomsky, *Rogue States*
- 4 This assumes production is increased to 7mbd and is sold at \$25 per barrel while production cost is \$4/barrel and half the surplus is taken by the oil companies. In fact, the figure could be larger, as production costs are lower than in Saudi, only \$0.4 to \$0.75 per barrel. See *Financial Times*, 21/02/03
- 5 See the Energy Plan produced by Vice President Cheney and released in May 2001
- 6 See "Control over the oil market in an epoch where finance capital dominates" in *Internationalist Communist* No. 18

North Korea

Another Imperialist War is Being Prepared

When Bush delivered his famous "axis of evil" speech in January 2001 he specifically mentioned three countries the US intended to attack, Iraq, Iran and North Korea. We are now seeing the US invasion of Iraq, and although this has assumed a position of centre stage in the spectacle we are presented with, in the wings a crisis, which could precipitate the invasion of North Korea, is being engineered. Although developments in this area of the world have been kept out of the limelight they are just as dramatic as those of Iraq and arise from the same fundamental causes. Just as in Iraq, all the huffing and puffing about North Korea's weapons of mass destruction, is camouflage designed to conceal the more fundamental imperialist motives for this confrontation. These are the need for the US to maintain its control over this area of the world, to check its potential rivals China, Japan and Russia and to prevent the formation of a bloc of nations which could challenge its domination. As we will argue below, the confrontation is, at root, a confrontation over how the profits produced by the working class of this region of the world are to be divided. While the other powers in the region are keen to overturn the present division, for the US it is imperative that the present distribution remains as it is. The capitalist class are able to plan their wars in the open and arrogant way they do because the working class does not oppose them and is not at present able to put forward political solutions of its own.

The new crisis

Since October 2002, the Korean crisis has escalated to the point where the US is now threatening a pre-emptive nuclear attack on North Korea and has moved warships and bombers into the area. The development of the crisis has been extremely rapid. In the five months since North Korea admitted to a programme of uranium enrichment we have seen suspension of oil shipments guaranteed by the US under the 1994 US/North Korea agreement and suspension of food aid. This has

in turn led to the restarting by North Korea of its nuclear reactors which had been mothballed under the '94 agreement and in January of this year its withdrawal from the Non-Proliferation Treaty (NPT). This withdrawal, which followed the expulsion of nuclear inspectors who are authorised under the NPT, is clearly a threat to restart the weapons programme. To understand how this crisis has been able to blow up so quickly it is necessary to look briefly at the key events of the 1990's.

Crumbling bastion of state capitalism

North Korea is one of the last remnants of fully integral state capitalism, and remains an economy such as that which existed in Russia up to 1991. Its economy is not, nor has it ever been anything other than a type of capitalism, a capitalism where the state holds all the capital but where the workers remain exploited through wage labour. The country was a client of Russian imperialism and was heavily dependent on Russian support. The withdrawal of this support after 1991 was a heavy blow, but, instead of throwing in the towel and becoming a US client as other Russian clients had done, the Stalinist regime soldiered on. The cost has been enormous. There has been a catastrophic economic collapse which has produced energy shortages, decline in industrial production with capital equipment being run into the ground and factories barely operating and a corresponding agricultural decline. The agricultural crisis was so severe that in the mid-'90's between 1 and 2 million people died of starvation!

In the period after the collapse of the Russian bloc, North Korea was critically short of energy and continued to develop nuclear energy from reactors supplied by the Russians. They also continued with an accompanying weapons programme despite having become a signatory of the NPT in 1985. In 1993, the inspections regime allowed for under the NPT was extended to allow inspectors to visit research and production sites, even if

they had not been previously declared by the signatory of the treaty. This extension of the treaty's inspections regime caused North Korea to announce its withdrawal from the treaty. This was the pretext for the 1993 crisis with the US.

For the US, the survival of the regime after 1991 was an annoyance since it expected the regime to become a US client now that the Cold War had been won. The 1993 crisis gave the US the opening it had been looking for and, by a combination of threats and bribes, North Korea was persuaded to announce a moratorium on its withdrawal from the NPT and to close down its nuclear facilities. In return, the US promised to provide two of its own light-water nuclear reactors, capable of generating 2000MW. These were supposed to be in operation by 2003. Also, the US undertook to provide 500 000 tonnes of fuel oil annually. Through this agreement, the US hoped to either bring North Korea under its wing through its economic strength, or provide a pretext for removing the regime by force.

After the 1994 agreement, North Korea began a slow process of reform aimed at changing its state capitalist economy to a market one. These reforms, which were modelled on reforms carried out by China in the '80's, have recently been accelerated and have brought some liberalisation of the economy. Price reform has been carried out, and in July 2002, the currency was devalued and prices and wages increased by a factor of 18, rationing was ended, charges introduced for utilities such as electricity, gas, water, etc., and private markets allowed for agricultural produce. Opening of cross-border links with the South was started and a business park for South Korean capitalists to invest in was started in the border city of Kaesong. The North, however, needed massive amounts of new capital which it hoped to get from S Korea and Japan. However, after 2001 it also became clear that the Bush cabal was not seriously interested in continuing with the '94 agreement.

This was demonstrated by its failure to deliver the nuclear power plants promised and its announcement that the regime was part of the "axis of evil". This convinced the regime that it was going to be attacked and led to the restarting of the nuclear weapons programme. When this was discovered by the US the regime tried to use its nuclear capacity as a bargaining card in an attempt to get aid and a non-aggression pact with the US. This was a desperate move from a bankrupt and starving country being threatened by a country whose Gross Domestic Product is some 500 times larger than its own. In doing this, however, North Korea was playing into Washington's hands. The US promptly stopped its fuel deliveries, dismissed all talk of a non-aggression pact and declared North Korea had violated the NPT and that it would refer the matter to the UN with a view to getting a resolution paving the way for war. Having started on this course North Korea had little option but to continue and it restarted its nuclear reactors and then threatened to produce nuclear weapons. All this has simply strengthened the US hand.

The US is, of course, putting pressure on its allies in the region, particularly South Korea and Japan, to support its moves against the north. Both are reluctant allies. The US is very unpopular in South Korea because of its longstanding support for the military dictatorship and the careless brutality of its 40 000 troops stationed there. This unpopularity was reflected in the defeat of the US-supported candidate in the December election and the victory of Roh Moo-hyon, a leftist human rights lawyer who opposes the US policy towards the North. A further indication of US unpopularity were the anti-US demonstrations which followed the acquittal of US soldiers who ran over and killed two Korean girls. South Korea has been pursuing what it calls the "sunshine policy" towards the North. This consists of restoring communications and economic links and supplying aid in order to gradually reintegrate it in a combined economy. South Korea fears the US policy of confrontation and sanctions will lead to economic collapse of the North, and in these circumstances they estimate the cost of reunification to the South would be astronomical. They fear a repeat of the debilitating effect of German reunification. Some have estimated a figure of \$3200bn!¹ Although the South

is fabulously prosperous by the standards of the North with a GDP of \$865bn, 40 times that of the North, such a cost for unification would be crippling. The South has also been weakened by the 1997 crisis which brought the bankruptcy of half of all the major *chaebol* (partly state-owned conglomerates) and a quarter of all the financial institutions and which forced the country to borrow \$58bn from the IMF increasing the national debt to \$120bn. The South is not ready for further adventures which could prove expensive.

A further worry for the US is that the change occurring in South Korea's pattern of trade has resulted in China replacing the US as its main trading partner bringing a shift in its loyalty towards China. China is now the rising power in the area and countering China's ambitions is one of the main aims of the drama being staged by the US with regard to North Korea.

Korea – crucible of imperialist struggle

Since the industrialisation of Japan in the late nineteenth century, Korea has been a crucible of imperialist struggle. The country is strategically placed between China and Russia, close to Japan and gives access to the mineral wealth of Manchuria. North Korea

GENERAL SECRETARY

KIM JONG IL



LOVES YOU

Only the bourgeoisie could claim the Kim dynasty has anything to do with communism!

itself is rich in minerals such as coal, iron, magnesite, graphite, copper, zinc, lead and various precious metals. The first imperialist war over the region was between Japan and China in 1894, giving Japan rights in Korea. When this was challenged by Russian imperialism, a war between Russia and

Japan followed in 1904 which led to Japanese domination of the peninsula and finally annexation in 1910. In the 1930's, Korea formed the springboard for Japanese expansion into Manchuria and its invasion of China. The end of the Second World War saw the peninsula divided between Russian imperialism which occupied the North and US imperialism which occupied the South. The Korean War which broke out in 1950 was a proxy war between Russian and Chinese imperialism which backed the North and the US which used its own forces to invade from the South. This war ended with the division of the country on the 38th parallel which has persisted to the present. All these wars have been fought for sources of raw materials, markets, theatres of capital investment, control of trade routes and strategic positions for future wars. Today, the same motives are at work and the same powers, Russia, Japan, China and the US, are involved.

Russia is keen to restore its influence over the North and increase trade while establishing a rail link to the South. Since the collapse of trade in 1991, Russian trade with the North has increased to over \$100m annually. Moscow hopes to increase this by securing a major share of the reconstruction of the North after reunification and to recover its outstanding debts from the Soviet period. In particular, the Russians are interested in restoring the north/south railway connection and so linking the South Korean network to the trans-Siberian line. If this connection were in operation, the trans-Siberian railway would have access to the ice free ports of South Korea and the land bridge from Korea and Japan to Europe would be complete. Moving freight on this line, instead of by sea, would reduce the average journey time to Europe from 35 days to 15, and would cut the costs by 25%. It would not simply be a source of profit for Russia, but give her control over this trade route. President Putin has met the North Korean leader, Kim Jong Il, and signed an agreement to proceed with the link. This work has already started and has continued throughout the present crisis.

The Japanese are themselves keen to once again exploit the mineral wealth of North Korea and to export capital into the region to cash in on the low wages paid there. The Japanese prime minister Koizumi also met Kim Jong Il in September 2002 and the two

leaders kissed and made up for the past. Koizumi apologising for the atrocities committed during 35 years of colonial rule and Kim apologising for kidnapping Japanese to help North Korean agents spy on Japan. Koizumi announced Japan's intention to invest \$10bn in the North, once further steps towards a market economy were taken and the country's stance of "aggressive isolation" was ended.

China is the principal exporter to North Korea, supplying 38% of all the country's imports, including much of its oil and food, and wishes to maintain this market. The economic collapse of North Korea, or a war with the US, in which China could become involved, is the last thing the Chinese want. What they would like to see is stability, reform and a removal of the US forces.

With its victory over Russia in the Cold War, the US is seeking to convert the entire peninsula into its client state while keeping open the option of militarily occupying the North as well as the South. The other powers wish to resist this and see Korea reunited and the US forces withdrawn. The US opposes all the ambitions of the other powers in the area. It is now opposing reconstruction of transport links between the North and South, opposing

political engagement and opposing aid to the north.

An Asian bloc against the US?

The entire region is now beginning to see its interests as opposed to those of the US and is taking the first tentative steps to assert these separate interests. China, Japan, South Korea and various other South East Asian nations are talking of establishing an East Asian free trade area and an Asian Monetary Fund. The experience of the 1997 crash and the terms of the subsequent IMF loans which led to US corporations buying up Asian businesses at rock bottom prices has contributed to this. This fund will be set up in opposition to the IMF and therefore opposing an important tool of US foreign policy. There have also been talks of a common currency which would cut the fund free of the dollar and lead to a bloc like the European Union which would inevitably threaten US interests. At present, these Asian nations hold approximately \$1500bn in reserves which could form the basis of an Asian Monetary Fund. The dollar's recent fall² has, of course, devalued these reserves by 25% pointing to the advantage of a separate currency. The US is, of course, adamantly opposed to these plans.

US attempts to assert control of the Middle East and its oil supplies are a clear threat to Japan, China and other countries which are dependent on the oil from that region. In an attempt to counter this threat pipelines are being planned to bring Russian oil from the Siberian oil fields to the region. Two routes are under consideration, one from Angarsk, which is south west of lake Baikal, via a route north of China to the port of Nahodka near Vladivostok. The other runs from

Angarsk directly to Manchuria. From there, oil could be taken south through Korea. These pipelines would reduce reliance on Middle Eastern oil which the US may shortly control. They show that the powers of the area are keen to cut themselves free of US control.

The US is, therefore, facing longer term challenges in the region which it intends to counter in whatever way possible. Consequently the strategic importance of maintaining control of Korea is growing rather than decreasing.

How can workers oppose this war?

In all the developments and disputes outlined above we can witness the sordid, but familiar, manoeuvrings of the imperialist powers. All the usual issues which drive our rulers to war, such as access to raw materials, markets, investment areas, control of trade routes and strategic positioning for future wars are present. These issues are the apparent reasons, the form in which the underlying forces express themselves. The real force which underpins all these apparent causes of imperialism and from which they spring is the struggle of the imperialist powers to get hold of the surplus value produced by the workers of South Asia. The real issue which is being fought about is how the profits which the workers of this region produce are to be distributed. The rising powers are attempting to challenge the present distribution and the US wishes to leave things as they are.

The operation of the capitalist system leads to a tendency for profit rates to fall and as profits fall there is an ever more vicious struggle to get hold of the profits which are produced by the working class. This struggle is intensifying as the capitalist crisis deepens. It is a struggle which inevitably leads to war. This is why capitalist wars are not extraordinary, unexpected events caused by mistakes, particular circumstances or bloody-minded madmen, as our rulers are forever telling us. They are an inevitable outcome of the normal functioning of the capitalist system. That is why the only way these wars can be prevented, in the longer term, is by overthrowing the system which causes them.

However, in the short term, the ability of the ruling classes to wage war can

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From Revolution to Reformism

be disrupted. Our rulers can only successfully pursue their wars while the workers in the imperialist countries continue to submit to their exploitation and to make sacrifices for the war effort, and while workers in uniform remain ready to kill each other for the imperialist cause. Once workers are no longer prepared to do this, waging war becomes impossible. This why the only opposition which can prevent war, is an opposition based on class struggle. When Lenin opposed the First World War in 1914, he launched the policy of revolutionary defeatism which called for the imperialist war to be turned into a civil war of the working class against the capitalist class, a war that needed to be continued until the overthrow of the capitalist system of production was achieved. This policy, which contributed to the Russian Revolution of October 1917, led to the ending of the imperialist war. The capitalist class's fear of revolution was stronger than their lust for the spoils of war. It is the only time in the modern epoch that imperialist war has been opposed

by widespread class struggle. This was expressed through strikes, mutinies and revolution, and it is the only time that the ruling class has ended its war before they had achieved their aims. The policy of revolutionary defeatism is still the only true proletarian response to imperialist war. It is just as valid today as it was in 1914. The development of this struggle must be our orientation.

Today our rulers are calmly preparing to butcher hundreds of thousands of people in Korea in order to get their hands on the profits produced by the workers of this area of the world. The only way to prevent this is through intensification of the class struggle. In the coming war in south east Asia we call for workers to support the policy of revolutionary defeatism. This means:

- Continuation of the class struggle, refusal to accept sacrifices for the war effort
- Strikes in the war industries and in the transport of war materials

- Propaganda for fraternisation with enemy soldiers and mutinies
- Turning the imperialist war into a class war.

Today imperialist war explodes in Iraq. Tomorrow there will be another: it may be Iran, the day after that North Korea and after that Saudi Arabia or Libya. The only solution to the imperialist wars which are threatening the world in one place after another remains the overthrow of the capitalist system itself. This system needs to be replaced with the communist system, which has nothing to do with the state capitalist system which existed in Russia, but which will be based on social ownership of the means of production and production to satisfy human needs.

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Notes

1 See *The Financial Times*, 8th November 2002 "South Korea fears nightmare vision of meltdown in the North."

2 See "The dollar in continual decline" in this edition

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Magazine of the Communist Workers' Organisation

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21: Class Consciousness and Political Organisations (1); China; Fighting Capitalism; Foot and Mouth; Middle East; Balkan Wars; Ukrainian Communists; US Unions; Mexico
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25: Fascism and Democracy; Palestine; Nationalism; PO Workers; Italian General Strike; Council Housing; Consciousness (5); Lenin, Luxemburg; Little Steel; Zimbabwe; Venezuela; US Imperialism in Afghanistan
26: *No War But The Class War*; 11 months since 9/11; Stock Market Falls and War; Public Sector Strikes; Rail Farce; Consciousness (6); Immigration; Colombian Debt

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Firefighters

Restart the Strikes — Break out of the Union Prison

On 19th March the Firefighters' delegates rejected the latest offer put forward by the bosses, despite the fact that the union desperately urged them to accept. The government promptly announced its intention to impose a settlement on the firefighters by force, using a legal injunction and the power of the state through the courts and the police. These three events are a typical example of the way the struggle has progressed over the last six months. They illustrate the militancy of the firefighters themselves, the sabotage of their struggle by the union and the determined resistance coming from the capitalist class as expressed by their government.

The rejection of the latest offer shows the determination of the firefighters to pursue the struggle, a struggle which is about pay and working conditions. These are quite simply the issues that the working class has fought for since its creation in the 18th and 19th centuries, and they are still the issues which it is fighting for from one end of the world to the other. This struggle can clearly be seen as a class struggle springing from the nature of capitalism itself. The capitalist class is, of course, unwilling to grant these demands because granting improvements to the working class will reduce the profits on capital. This is why, from the start this dispute has been tied to the issue of producing greater efficiency in the service through reorganization, restructuring, changing working practices and redundancies. For the capitalist class these changes will ensure that, even if there is an increase of pay of 16% over three years, the overall cost of the service will be reduced and there will be no effect on the overall profitability of British capitalism. For our rulers it is extremely important that this is the outcome of the strike, since there are several million other workers in the public sector who could follow the lead of the firefighters. If they did this would have a far more devastating effect on the profitability of British capital.

This dispute illustrates once again the real divisions which underlie our society and the class struggles they generate. It also illustrates how this struggle cannot be "resolved" within capitalist society since the interests of the working class and the capitalist class are quite simply irreconcilable. The trade unions generally, and in this dispute, the Fire Brigades Union (FBU), pretend that these interests can be reconciled within capitalism. This signifies their fundamental support for the capitalist system and leads them to act as the fifth column of the capitalist class sabotaging workers struggles from within.

Union Sabotage

The latest offer was, as many firefighters put it, "an insult".

This offer consisted of a 16% increase over three years was linked to job cuts of 4000 in the fire service and far worse conditions for those left. In reality, the 16% boiled down to 4% backdated to November 2002 with the rest tied to 'modernisation', i.e., cuts in the service. The government, through the Bain report, has pressed for a shift from fire fighting to fire prevention and wants some of the smaller, rural stations to be closed down. There may not be any more money on the table for decent wages, but £30 millions has been set aside for 'transitional funding' to allow these changes to come into force. But the increase, measly though it is, is not open to all firefighters, only those who acquire new 'skills'. Obviously, the new offer will mean a huge attack on firefighters but it is also an attack on public safety and will lead to a massive deterioration of the service, putting lives at risk. The Bain report recommended changes in shifts and working patterns which would mean firefighters could be deployed anywhere and on any duties with 14 days' notice. This would allow authorities to move staff from station to station and reduce night cover. They also wanted to ban pre-arranged overtime with crew members being

asked to put in up to 24 hours extra a month. This was the offer recommended to the membership by the FBU.

Throughout the struggle the FBU has cancelled one strike after another. Each time strikes have been cancelled because of endless negotiations with the employers, often on offers already rejected. Similarly the FBU has gone to the arbitration service ACAS time and again to negotiate on what the membership has rejected. The FBU has backed down on point after point in this dispute. It said it would not agree to cuts in the number of jobs to fund a pay rise as suggested in the Bain report. Then it said it was prepared to accept what it called the 'strategic heart' of the Bain report and was prepared to sign key proposals. It said it was prepared to agree to cuts in jobs as soon as the benefits of the new 'preventative measures' were in place. It said it would not shift from a 35 hour week and would not agree to overtime. Then it said it would agree to pre-arranged overtime in return for cutting the working week from 42 to 35 hours. Now it is considering lifting the overtime ban while agreeing to employers' proposals to keep the working week at 42 hours and is looking at more work 'flexibility'. It has dropped its demands from a 40% rise to 16%. All this pussy footing has been intended to produce confusion and demoralization amongst the firefighters and to some extent the union has been successful in this. The latest manoeuvre of the FBU has, however, exposed in another way how the union supports the key interests of the capitalist class. The latest offer of the employers was hardly different from the offer made a few days before the war broke out. The only difference was that of consultation or "consensus" in the planned restructuring of the fire service. This means in effect that the management is to "consult" with the local fire staff before doing what they want and is essentially meaningless. The FBU, which has been very

reluctant to permit strikes anyway, was terrified of striking during the war which our rulers have launched on Iraq. This was given away by Gilchrist, the FBU leader, at the conference of 19 March when he said,

It would be foolhardy to reject this offer when British troops are about to go into battle.

Here we see quite clearly the FBU lining up with the capitalist class to help its imperialist war to loot the oil of Iraq and the Gulf region. This is exactly the same course as the unions all followed in 1914 when they declared social peace and pledged to assist the war effort and the slaughtering of German workers. For the FBU to support a strike would be foolhardy because it would tie down 19 000 troops whom our rulers would like to send to Iraq to assist those already there in seizing the country and killing Iraqi workers in uniform, conscripted into Saddam's armies and resisting this adventure. At the same time as the capitalist class is attacking wages and conditions of workers in Britain, as is clearly shown by the Bain report and every word uttered by their spokesman Prescott, they are demanding our loyalty in an imperialist war. They are demanding we suspend all class struggle so they can get on more quickly with their barbaric destruction and butchery. And the FBU is their spokesman advocating this all in the name of patriotism. We repeat the words of Marx,

Workers have no country.

Firefighters have more in common with the Iraqi workers being slaughtered by the US and UK military than with their exploiters in Britain. This is why the class struggle should not be called off because of the war. Firefighters should strike now while the enemy's forces are stretched and the strike will have more impact.

As we have said in previous texts¹, the only way that the imperialist wars, which the capitalist class is now conducting, one after another, can be halted is through class struggle. The FBU turns this into its opposite and declares that the imperialist war must prevent the class struggle. For them, it is only after the bloodletting is complete that the class struggle can resume. Again this is precisely the position adopted by the Social Democratic parties and the trade unions in 1914. We all know also, that after the imperialist bloodletting was

over, it was precisely these same parties who saved the day for capitalism by their bloody crushing of the workers' revolutions in Germany and elsewhere.

Capitalism's solution

British capitalism, through its representative the Labour government, has announced it intends to impose a settlement on the firefighters by law. By using the 1992 legislation, they expect to be able to pass an injunction through parliament fairly rapidly. A raft of other anti-working class legislation exists which could be used in an attempt to force the firefighters back to work under conditions dictated by the capitalist class. Prescott, the deputy prime minister, announced in parliament that the government had,

lost patience with the firemen

This is exactly the same language used by Bush when he was proposing to impose a settlement on the US west coast dockers, and shows that, not only is Britain following the US in its imperialist wars but also in its waging of the class struggle.

Imposing a settlement by use of state violence is the final answer of the capitalist class to the struggles of the workers. It exposes, in a brutal way, the real nature of what is going on. Not only are they using the army for strikebreaking, they plan to use other agencies of the state, namely, the courts and the police, to force workers to accept the terms they dictate. All the democratic camouflage is being brushed aside and stark relations of force are being revealed. The fact that all this is occurring at a time when our rulers are preaching sermons about the wonders of democracy and the glorious benefits of freedom we enjoy, and how they intend to bring all these wonderful things to the benighted Arabs by force of arms, reveals their utter hypocrisy. The attempt by the state to impose a settlement by force should be totally rejected. But how can this be done?

The way forward

Events of the last six months have shown how hopeless the present strategy for fighting the struggle is. Although the majority of the firefighters want to continue the struggle they do not see how this can be done effectively outside the union despite the fact that the FBU has sabotaged the struggle.

The strength of the working class is in its collective strength, the strength of

the class as a whole. Individual groups of workers, even key ones like the British miners, can be isolated and defeated by our rulers, and their union helpers, at will. However, a more general struggle cannot be defeated so easily. The firefighters are a small group of workers who, like other state employees, do not directly produce profits for the capitalist class. Their primary role for capitalism is to protect capitalist property against fire. Any hope of winning this dispute while firefighters remain isolated is doomed. It is essential that they break out of their isolation. The strike needs to be spread to other workers, e.g. tube, rail and other public sector workers facing the same attacks. The struggles need to be linked and common demands made. This is the only way to make our rulers take any notice. The struggle needs to be taken out of the hands of the trade unions whose role is primarily to sabotage any effective fight. It needs to be democratically run by mass meetings which elect a fighting committee directly answerable to the meeting. This is the only way forward. Our watchwords must be:

- Spread the struggle to other workers
- Link up demands to a single pay demand for all workers
- Pursue this with strikes
- No concessions to the imperialist war.
- Continue the class struggle.

Such a programme represents the only hope for victory and the only hope for halting the capitalist's drive to war.

Note

¹ See RP 27, "Spread the strikes, stop the war drive."

We are publishing a text from the January edition of Battaglia Comunista, the monthly paper of our sister organisation in Italy, the Partito Comunista

Internazionalista. Since the text was written, the downward trend of the dollar has continued and at the start of March 2003 it stood at \$1.10 to the Euro.

The Dollar in Continual Decline

And the international monetary system falls into crisis

Having trod the other currencies underfoot for years, the US currency has begun a precipitous decline which doesn't seem to be destined to stop; rather, according to analysts, the dollar is fated to be further devalued in the course of 2003. As to what the economic and financial factors which are pushing the dollar downwards are, bourgeois economists, as is often the case, are rather imprecise and grasp only the superficial aspects of the phenomenon, undervaluing the fact that currency dynamics represent only an aspect of the changes underway in the interimperialist relations between the most advanced areas of the world.

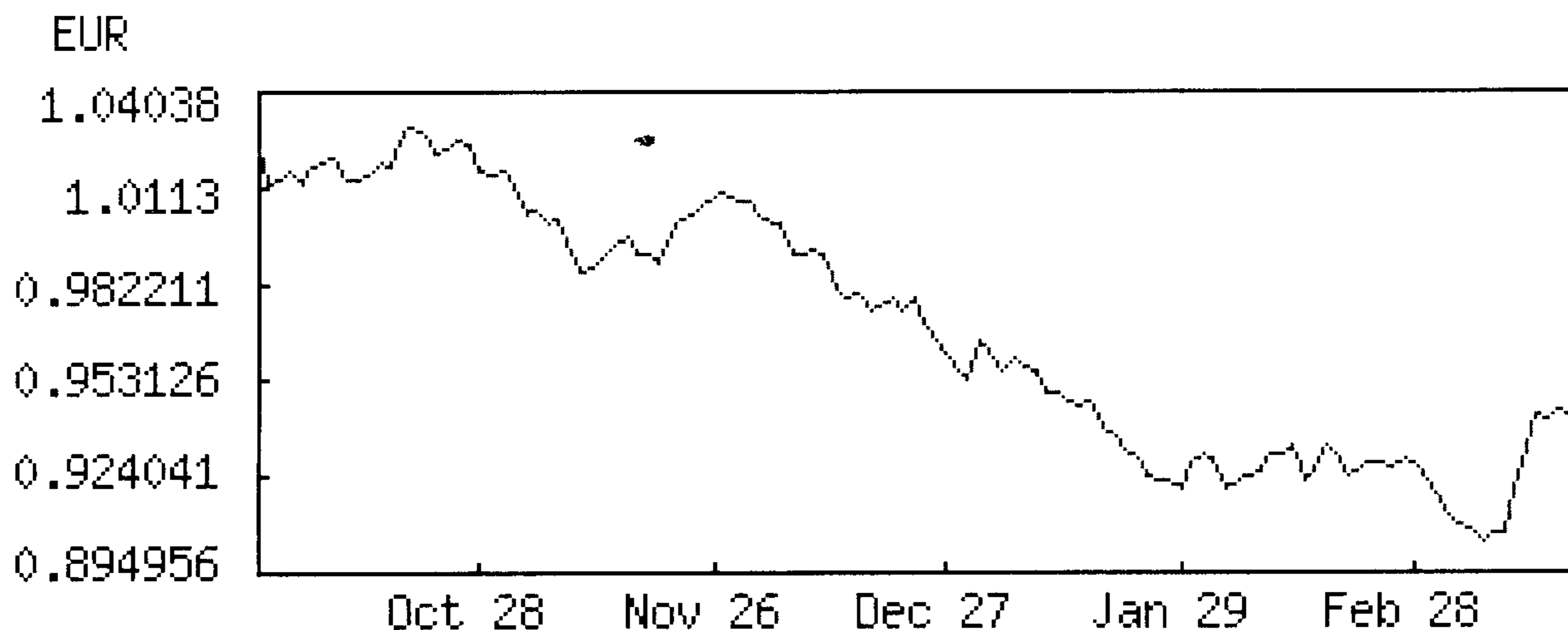
We start with a simple fact. The relationship between the dollar and the euro has completely reversed over the last 24 months. At the start of 2001, \$0.81 was enough to obtain a euro, while at the start of February 2003, \$1.08 was needed to acquire one. We are witnessing a devaluation of the dollar of more than 20% which cannot be justified by an improved situation for the real economies of the euro countries. Instead, in the same two years, the European economy has suffered a strong deceleration, to the extent that countries like Italy had, in

that period, a growth in GNP which was close to zero. Germany and France have done a little better, as they have, thanks to the devalued euro, made up for the contraction of their internal markets by increasing the export of their goods to Asian countries and to the United States. By exploiting the weakness of the euro, the two most important countries in the European Union have succeeded in floating above the line of the recession, registering annual increases of more than 1% in GNP.

On the other shore of the Atlantic, the American economy in parallel with the European one has suffered a brusque slowdown. The tragic events of 11th September 2001, despite the hammering insistence of bourgeois propaganda that locates in them the cause of the crisis of the world economy, are totally extraneous to the collapse of the new economy and the bursting of the speculative bubble which has seen the Nasdaq index on the New York stock exchange go down like a lead balloon. Capitalism's economic crisis has rather different origins, finding its mechanisms in the contradictions of the capitalist mode of production. In comparison with the old continent, in recent months the United States has enjoyed a more dynamic economic situation in that its growth in GNP for 2002 was 2%, well above

the European average. The causes of the decline of the dollar are therefore not to be sought in a superior European economic situation, but in the contradictions which have accumulated in recent years in the heart of US imperialism and in the forms of its domination.

In order to understand the dollar's present decline, it is first necessary to comprehend the dynamic which has led the American currency to be highly valued in comparison to the other currencies over the last few years. As well as being the most important currency in the international monetary system, that which is most used in international exchange and as a reserve of value for the various central banks, the dollar, over the last few years, has gained in value with respect to the other currencies, chiefly due to the enormous mass of foreign capital which flowed onto the New York stock market. The exponential growth of the Dow Jones and Nasdaq indices at the end of the '90's, which occurred, in good part, due to the inward flow of foreign capital, had as a consequence a revaluation of the dollar above all the other currencies. The large international investors, from Europe and Asia, invested their capital on the US market to acquire shares in American companies and to place it in fixed-rate stock, such as Treasury



120 day record of the dollar against the euro, ending 23rd March 2003. Note the slight, and probably temporary, recovery caused by the second Gulf War

Bonds. The devastating crises which hit Mexico, Brazil, the so-called Asian Tigers, Russia, Turkey and, most recently, Argentina, fed, to a certain extent, the flux of capital towards the US. The solidity of the US economy and the fact that it constituted the safest place of the various stock markets in the world for their investments in periods of crisis, fed the flow of capital from abroad, despite interest rates lower than elsewhere. As well as supporting the dollar exchange rate, the flow of capital from abroad served, in this period, to compensate for the enormous indebtedness of the American economy. The US commercial deficit exceeds \$450bn per year, while, after a few years of being substantially in balance, in the last 20 months the federal deficit too has reappeared in all its "glory", thanks to rearmament programmes and the support given to the sectors of the economy most linked to war industries.

The presence of a double deficit, commercial and federal, is not an entirely novel event in the recent economic history of the United States (the two deficits already co-existed in the Reagan years), but, in the present international context, they could represent an explosive mixture sufficient to tip the American economy into an unprecedented spiral of crisis. The dollar is being devalued primarily because the mechanisms which previously caused it to be highly valued are exhausted. Capital from abroad is no longer arriving, the books can no longer be successfully balanced in the face of the massive commercial and federal deficits, and consequently the dollar is falling. The effects of the fall in value of the dollar could, theoretically, be beneficial for the real US economy, in that it should make US goods more competitive on international markets. But, observing the details of the dollar's dynamic with respect to the currencies of the countries which are the largest exporters to the US (above all, China, which has become one of the largest exporters to the US), it can be seen that the greenback has not fallen so much in that context. On the other hand, it is with respect to the euro that the dollar has weakened, but, from a commercial point of view that does not represent a great advantage for the US. For some European countries, imports from the US are destined to fall. The latest data,

published at the start of February, shows that in Germany, precisely because of the revaluation of the euro, external orders for January have fallen 8.7% with respect to those for December; if we take into account that it is exports which have dragged the European economy a little forward, then we can predict that the growth in GNP for 2003 will be very close to zero.

The present devaluation of the dollar presents a few novelties in comparison with those of the past. It is a devaluation which does not stem from a decision by the US monetary authorities, or at least not just from such a decision, but from the massive shift of capital from the American towards the European market. It is a devaluation, in sum, which has happened more suddenly than is desired, which will do very little to relaunch the real economy and which risks the further reduction of the domination of the dollar over international currency markets. The presence of the euro is a fact of extraordinary importance from the point of view of interimperialist relations; if, in the past, the sole reference point in periods of crisis was represented by the dollar, now international investors sense in the new currency an alternative instrument to the dollar which offers the same guarantees in terms of the security of investment. If a country like China, which has the largest currency reserves

in the world, has decided to sell dollars and replace them with euros, and thus diversify its own monetary reserves, then this means that we are witnessing a new fact which will have important repercussions on a world scale.

Finally, in order to estimate the difference between the present dollar crisis and those of the past, we note the pincer effect which has been created with the price of oil in the recent period. If, in the past, the price of oil rose, then, by the fact that this price was expressed in dollars, the US currency appreciated with respect to other currencies. Now, despite the threat of war (another element which in the past made the dollar appreciate), while the price of oil is tending to rise, the dollar is falling, all to the advantage of the euro. It is a sign that the times are changing and is evidence of the danger threatening the financial revenue that the US draws from its prerogatives, of that revenue shrinking ever more, and therefore of the need for the US to play the card of war to the fullest extent. Yesterday Afghanistan, tomorrow Iraq; but will that be enough?

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Class Consciousness and Working Class Political Organisation

Part Eight: The Decline of the Russian Revolution and the Cult of the Party

Introduction

In the last two parts of this article we have looked at the Russian Revolution. Despite taking place more than 80 years ago, it remains the single most important event for shaping our understanding of the question of class consciousness in this epoch. As the only time in history when a self-consciously working class movement actually arrived at the head of state power, it hands down to us a rich heritage of experience which we cannot ignore. In fact, so important is this event for our epoch that we have to return to it yet again.

In Part Seven we tackled the ideas of councilism which sprang up as the revolutionary period which followed the First World War came to a shuddering defeat. We consider that councilism is itself a distorted product of that counter-revolution because it actually theorises the idea that spontaneity alone will be enough to spark the revolutionary movement which will transform society. In doing so it actually does violence to the way in which class consciousness amongst a propertyless working class arises. Councilism blamed the Bolshevik Party as the agent of proletarian defeat and, councilists have gone on to argue that this was because the Bolsheviks were either insufficiently clear politically and programmatically or were even, in some versions, always counter-revolutionary in their ideas. This is both historically inaccurate and methodologically untenable. The Bolsheviks, for good or ill, were the best elements in political terms that existed within the old Second International. Their position on the war alone made them the vanguard of, not just the Russian proletariat, but the international proletariat as well. We should also remember that, as we show in our pamphlet *1917*, Bolshevism wasn't just a movement which sprang from the head of one man, it was a political representation of the

revolutionary working class and which was forged as a revolutionary party in the struggles of 1917 by responding to the actual class movement. As a result of that experience revolutionaries from many countries looked to them to lead the world revolution. However this was a task which was actually beyond Bolshevism (or anyone else for that matter). The Russian proletariat was a minority in a backward capitalist country. As all the Bolshevik leaders repeatedly stated in 1917-18 "without a German Revolution we are doomed". Or as Rosa Luxemburg put it, the question of socialism could only be posed in Russia. It would have to be answered further West. As that answer never came the question became one of survival rather than revolutionary transformation. As we have said many times in the past there was nothing in Marxist theory which prepared an isolated proletarian bastion to deal with this question.

Bolshevik "errors" and the rise of the party dictatorship

Bolshevism was an instrument of the revolution forged in the class struggle but in one sense alone the councilists are right, it was also the agent of the counter-revolution when the class movement was defeated. However, here we have to differentiate ourselves methodologically from the councilists in that we see this as a result of an objective process of defeat and not due to the pre-determined weaknesses of the Bolshevik Party. As we have shown in this series the Bolsheviks were the least hidebound, the most open to change of all the Social Democratic Parties of the Second International.

This does not mean that there is nothing to learn. On the contrary it makes it all the more important for us to learn from the **manner** in which the Russian Revolution collapsed into a bureaucratic counter-revolution, which ultimately spawned Stalinism. The first lesson is that no amount of

revolutionary will can reverse a material process. In the winter of 1917-18, even hostile observers concede that the Bolsheviks went around trying to get more workers to run their own system. In this period real grassroots soviet power expanded. Lenin's own exhortations in the factories were all along the lines of what he said at the Third Congress of Soviets in January 1918,

... socialism cannot be implemented by a minority, by the Party. It can be implemented only by tens of millions when they have learned to do it for themselves.¹

However, harsh reality was soon to undermine this early aspiration. In the first place, during the course of the revolution of 1917, the Bolshevik Party had welded itself into a disciplined whole to lead the assault on bourgeois power. It was the largest and most all-Russian organisation in Russia by October 1917. However, proletarian revolutionary parties are not governmental parties. Whilst they lead the revolutionary assault they do not form the government as such (even if party members take important roles in the post-revolutionary society). As Lenin said repeatedly, in the winter of 1917-18 the proletariat as a whole have to build socialism. Bolshevik practice, however, soon began to undermine this. To start with, the Bolsheviks set up a cabinet of the Council of People's Commissars (*Sovnarkom*) to run the Departments of State. Calling the leaders of these Departments "People's Commissars" (Trotsky's brainwave) did not hide the fact that they were Ministers in the old sense. Instead of relying on the class-wide bodies of the soviets to elect an executive which ran the government, the Bolsheviks had already begun the process of supplanting soviet rule. This was not a conscious process but followed a recurrent pattern in every area of life in the Russian Socialist Federal Soviet Republic (RSFSR). In the early days

Sovnarkom always made sure that the Soviet Executive (VTsIK) got the chance to discuss and reject *Sovnarkom* plans but in practice this happened less and less often as the revolution was faced with international invasion. The Soviets met less and less often, and the Congress of Soviets which began as quarterly affairs had ceased to be such by 1920. In some ways, even if the form of soviet rule had been more firmly adhered to it would have made little difference. The need to send the most class conscious workers to fight in the Red Army in the period 1918-20 tore the heart out of properly functioning soviets. The Party was quite rapidly transformed into the real governmental organisation in Russia. Again this was not planned in advance nor was it an immediate reality. The victory of October had led to

*an outburst of unfettered discussion and controversy unprecedented in the annals of the Bolshevik Party, and perhaps rare in those of any other.*²

However, the process of concentration of power within the party had already begun. And with it came the domination of the Party over the organs of the state.

*The same men, sharing the same traditions and the same purpose, directed the affairs of party and state; the same incessant crisis and the same uninterrupted pressure of events weighed equally between 1917 and 1921 on party and Soviet institutions. The outstanding developments of these years in the machinery of the state – the concentration of central authority in the hands of Sovnarkom at the expense of the All-Russian Congress of Soviets and of VTsIK, and the concentration of authority at the centre at the expense of the local soviets and Congresses of Soviets and their organs – had actually preceded the corresponding developments in the party organisation. For some time the lines of development in party and state ran parallel. Then, by an inevitable process they began to converge and finally, to coincide. This process had been virtually completed by the time of Lenin's death.*³

This is the schematic overview and takes in the whole period 1917-24. However, the pattern is the same in every area. Even on the issue of the factory committees, whose

"suppression" the councilists make so much of, the truth is rather more complicated. It was clear to all that the factory committees were at best patchy in their performance. Workers on the railways who took to housing themselves in rolling stock rather than using it for running the railways for society is perhaps one of the more extreme examples, but the factory committees were also dominated by Bolshevik workers who demanded greater coordination and centralisation. It was they, supported by the Left Communists, who were the main opposition group inside the Party in 1918, who insisted on the setting up of the Supreme Economic Council or VESENKha. Even a left liberal critic of the Revolution could write that:

*The Council of People's Commissars took a step in the direction of the Leftist plan, apparently at the behest of the factory-committee leadership, with the creation of the Supreme Economic Council (and the authorisation for similar local councils) in December 1917. The council was initially dominated by Leftists – the first chairman was Ossinsky, and the governing bureau included Bukharin, Lomov and Vladimir Smirnov. Despite the dubious success of the central and local councils in the ensuing months, they represented enough doctrinal momentum to evoke from Lenin a final expression of his 1917 anarchism. He declared to the congress of local economic councils held in May 1918: "The apparatus of the old state is doomed to die; but the apparatus of the type of our Supreme Economic Council is destined to grow, develop, and become strong, fulfilling all the most important functions of an organised society."*⁴

This, though, was at the end of what the Bolshevik economist L. Kritsman called later "The Heroic Period of the Revolution". It was a period which ended when the civil war broke out after the signing of the Treaty of Brest-Litovsk with Germany in March 1918. From now on the constant

drain on the already shattered Russian working class was to further undermine the soviet principle.

Party and class

Again we have to repeat, though, that the degeneration of the revolution was not the result of any preconceived idea about the Party. At the Eighth Party Congress in March 1919 there was no babbling about the Party being the same as the class or that the vanguard could make the revolution on its own. On the contrary the relationship of Party and class was seen quite clearly

*The Communist party sets as its goal the achievement of decisive influence and complete leadership in all organisations of the workers; in trades unions, in cooperatives, agricultural communes etc. The Communist Party especially tries to carry out its programme and its complete domination in the state organisations of the present time, the Soviets. The Party attempts to guide the activities of the Soviets but not to replace them.*⁵

This last line sums it up. The class-wide organs represent the whole class whilst the Party represents only the vanguard. The most advanced workers alone cannot make the revolution since the revolution means the total social and economic transformation of the whole mode of production. It cannot be done by the minority. It is not that soviets are just a "nice idea". They (or some other class-wide body) are indispensable for the actual transformation of society and to return to the classical statement of Marx in *The German Ideology* it is this very process of the revolutionary movement which also transforms the consciousness of human beings.⁶ Soviets are the historically discovered solution to the problem of how to make

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the mass of the population the master of its own destiny. It is one of the great inventions of the working class. This brings us to the crux of the issue.

It is in the nature of the way class consciousness develops within the working class that the actual overthrow of capitalist rule will be carried out by a large minority led politically by a small minority. The party will be at the head of a movement larger than its own numerical adherents. But overthrowing capitalism and establishing socialism are two different things. The one can be achieved by a movement in which communists play the overwhelming part. However the question of constructing socialism is of an altogether different order. It requires that every worker in every area of society is drawn into the creation of a new mode of production, a new political order and ultimately a totally different type of society which has lost all trace of the "muck of ages" (Marx). In the course of the vast bulk of humanity will have their conceptions transformed.

The problem thrown up by the Russian experience is that the best intentions are no use if the material situation works against the proletariat. An example of this is the issue of Party membership. In order to try to stop careerism the Party only recruited at those times when the civil war against the Whites was going badly and the consequences of joining could have been fatal for any given individual. This was supposed to ensure that the Party would maintain its revolutionary and proletarian purity – its revolutionary class consciousness. Laudable though this was (and it is difficult to see how the Bolsheviks could have acted better) the fact remained that less than 5% of the population of the old Russian Empire were working class. As many of these were all either already in the Party or fighting in the Red Army the scope for new recruits was limited. Despite this, as the Party took on more and more of the functions of operating the system more and more were recruited. Party membership rose from tens of thousands in mid-1917 to 3 millions by 1921 but "bureaucratism" continued to be denounced at Soviet and Party Congresses. And all the way throughout the civil war the soviets were dying as the most class conscious workers were fighting at the front. In 1919 Arthur Ransome still found life in the grassroots functioning of

provincial Soviets but returning in 1920 he found that this had all but vanished.⁷ The increasing bureaucratism and the decline of real soviet life led to the setting up in February 1920 of the Workers' and Peasants' Inspectorate (*Rabkrin*) which was supposed involve ordinary workers to act as a check on bureaucracy. The members of it were supposed to be elected by other workers in the same way as soviet delegates and membership was supposed to rotate so as to give as many proletarians, men and women, as much experience as possible. This was in some ways a perfect recognition of the decline of the hopes for soviet democracy of 1917-18. As with all artificial solutions to a real problem, it achieved nothing except give Stalin a further power base from which to interfere in every aspect of the Soviet Republic's life. Amazingly, despite criticism from all sides, Lenin still held out the prospect that it could be reformed as late as 1922. By 1923, partially because he had dimly seen the danger posed by Stalin, he was stating that it did not "enjoy a vestige of authority", and had joined those, like Trotsky and Preobrazhensky, who were calling for its overthrow.

The Russian Communist Left

Equally disastrous was the decline of the way in which the party and state institutions functioned internally. To some, even amongst the communist left, the term "democratic centralism" has today been discredited. This is only because it has become distorted through the experience of the Communist Party of the Soviet Union (as it later became). Originally, democratic centralism meant a dual process where policy was decided by the party from the bottom up and then it became incumbent on all members to carry it out. The members still had the right to criticise the policy internally but it remained the policy until a subsequent decision of the whole party rejected it. The long-drawn out debates over the signing of the treaty of Brest-Litovsk show that the principle was still alive and well in 1918. At the Ninth Party Congress in March 1920 an opposition around Saponov developed taking the title "Democratic Centralists" (or Dekists for short) calling for an end to the growing adoption of one-man management in all spheres of life. Saponov stated that the supposed basis

of the party and soviet organs was democratic centralism but this had been replaced by "vertical centralism".⁸ He pointed to the shower of complaints from local bodies of encroaching interference from the centre. But, to illustrate the problems facing the Russian working class, the opposition agreed to the unhappy solution of a "control commission" where ordinary workers could denounce party members, however high up in the system. This was later to become the *Rabkrin* we have already criticised.

This fact only underlines what we have been arguing. There are no solutions to problems which don't take into account the material reality of the situation. Contrary to the myth of the Bolshevik monolith later maintained by Stalin and liberal commentators alike, the opposition to the decline of the revolution within the Bolshevik Party was stubborn and continuous throughout the Civil War period and even after it. There is hardly a Party Congress between the Eighth in 1918 and the death of Lenin, where an opposition of one sort or another is not able to speak (even after the formal banning of factions at the Tenth Congress in 1921 they continued to exist). This opposition, though, remains fairly weak. This is not because of the enormous prestige of Lenin, nor of the lack of talents of the opposition leaders. Bukharin, Radek, Preobrazhensky, Saponov, Lomov, Ossinsky, Piatakov, Kollontai, Shlyapnikov and Smirnov were all involved, at one time or another, in trying to hold back the tide of counter-revolution. Some of these, like the Left Communists of 1918, the Democratic Centralists, the Workers' Truth group and the Communist Workers' Group were politically the indirect ancestors of much of the thinking of today's communist left. In one definition these were distinguished by

- *a characterisation of Social Democracy and the Second International as capitalist organisations, the left wing of the bourgeoisie, and therefore counter-revolutionary world-wide (i.e. not only in Russia). This was the basis of their opposition to the United Front. This represents a rejection of the notion of "bourgeois workers' parties which Lenin and others saw as the right-wing of the workers' movement;*

- insistence on the Soviets and soviet democracy as the basis of the dictatorship of the proletariat;
- opposition to substitutionism and the fusion of the party with the state apparatus;
- opposition to the notion of state capitalism being a progressive and necessary stage in the struggle for communism;
- opposition to the right of nations to self-determination and national liberation wars as reactionary;
- support for all the defensive and economic struggles of the workers;
- opposition parliamentarism and participation in elections;
- opposition to trades unionism in all its forms.⁹

But, for all their clarity, the communist left, and indeed the other oppositions, could not resist the tide of counter-revolution that was sweeping the world. Some of them (like Ossinsky) did however argue that it would be better to separate party and state in order to preserve the clarity of the communist programme. The *Theses of the Left Communists* in 1918 clearly understood that the party itself could become the manager of the counter-revolution and this to them would be the worst outcome because that would mean that the revolutionary programme would be lost. If there is no revolutionary programme there is no revolutionary party and a whole generation is lost to the revolution. This prescience was actually too optimistic since the nightmare that today's communist have to live with is the legacy of the degeneration of the revolution.

Even before Stalin's time, and despite all the sound theoretical and organisational instincts of the Bolsheviks, the Party gradually absorbed the state, the soviets withered away and then, after the fact came the rationalisation of the "dictatorship of the party" as the "dictatorship of the proletariat". Even here there is a gradual process of shifting the meaning of the phrase. When Lenin first defended the idea of the "dictatorship of the party" in 1919 he also said that the party's ideas can only be carried out in reality by the new body, the soviets but by December 1920 (the very month in which the civil war against the Whites and Allied imperialism was won) he was stating,

...the dictatorship of the proletariat cannot be exercised through an

organisation embracing the whole of that class, because in all capitalist countries (and not only over here in one of the most backward) the proletariat is still so divided, so degraded and so corrupted ... that an organisation taking in the whole of the proletariat cannot directly exercise proletarian dictatorship. It can be exercised only by a vanguard that has absorbed the revolutionary energy of the class.¹⁰

This is mysticism not materialism. It has more in common with the fascist myth that the *Führer/Duce* is the real expression of the will of the nation than with the Marxist materialist Lenin of 1917-18. Nor was Lenin consistent in his declining years. At the Eleventh Party Congress in March 1922 he seems to have realised that it has all gone terribly wrong.

... and if we take that huge bureaucratic machine, that gigantic heap, we must ask who is directing whom? I doubt very much whether it can be truthfully said that the Communists are directing that heap. To tell the truth they are not directing, they are being directed.¹¹

Those were virtually Lenin's last words on the condition of the revolution and naturally they were brushed aside. Indeed, now that the party dictatorship was accepted, it remained only for Lenin's successors to pronounce their own dictatorship. Zinoviev, at the Twelfth Party Congress, went on to argue that not only was it a good thing to have "the dictatorship of the party" but, in Lenin's absence, went one stage further.

We need a **single** strong, powerful central committee which is leader of everything ... the central committee is the central committee because it is the same central committee for the Soviets, and for the trades unions, and for the cooperatives, and for the provincial executive committees and for the whole working class. In this consists its role of leadership, in this is expressed the dictatorship of the party.¹²

And by 1928, of course, the General Secretary would express the dictatorship of the proletariat. The idea that communism was about the withering away of the state had itself long since withered away. The Communist Left had issued a siren call to warn of the process but in the dangerous situation of 1918-21 they

had been ignored. With no world revolution to reverse the situation, a purely Russian solution could not be socialist (and Lenin had never pretended that socialism had even been minimally established in Russia).

However criticism is easy. Less easy is the task of drawing the lessons from this experience. We reject the idea that it was because of the *a priori* policies of the Bolsheviks that the revolution degenerated but what we today suffer from is the fact that the vanguard did not remain a vanguard. It merged with the state apparatus of a single territory. It thus ceased to be able to maintain a communist programme for the international stage. This has to be the role of the communist vanguard of the future. It has to be international and centralised and to stick to the task of holding up the revolutionary programme on an international stage. It is to this aspect of class consciousness and political organisation that we turn in our next issue.

Jock

Notes

1 The course of how Lenin's thinking on the role of the Party degenerated as the revolution declined can be found in the documents in J. Daborn *Russia: Revolution and Counter-revolution 1917-24* (Cambridge University Press, 1991) pp80-2

2 E.H. Carr *The Bolshevik Revolution* Volume 1 (Pelican 1966) p194

3 Carr *op. cit* p220

4 R.V. Daniels *The Conscience of the Revolution* Simon and Schuster 1960 p84

5 Quote in W.H. Chamberlain *The Russian Revolution* Vol. II (Macmillan 1965) p363

6 See the early parts of this series in RP20 and 21.

7 See *Six Weeks in Russia 1919* and *The Crisis in Russia 1920* both published in 1992 by Redwords

8 See E.H. Carr, *op. cit.* p223

9 I.R. Hebbes *The Communist Left in Russia* (unpublished dissertation) p1

10 Quoted in Daborn *op. cit.* p82

11 Lenin *Collected Works* (Moscow 1966) Vol. 33

12 Carr, *op. cit.* pp236-7

We are publishing here a text from Prometeo 6, VIth series, December 2002. This discusses the effects of changes in the structure of capitalism on the structure of the working class and the political consequences of these effects. In particular, it reviews the predictions of a text written ten

years ago, the translation of which appeared in Internationalist Communist Review no. 12 (the central organ of the International Bureau for the Revolutionary Party, now called Internationalist Communist), under the title "Where is the working class?"

On Class Composition and Recomposition in the Globalisation of Capital

Trying to reply to the question as to why the proletariat up until now has not given significant signs of responding to the present crisis, except in a few great, but sporadic, episodes of class struggle, is certainly not a simple task. Instead, it is an enormous problem, and, in many ways it is *the* problem that revolutionaries need to solve. We have to get as close as possible to this solution to be effectively and efficiently equipped in a practical sense for concrete action. Not least, we have to be armed against the mortal miasma of exhaustion, the sense of impotence, the consequent turning in on ourselves and the presumed discovery of (non-existent) shortcuts which spring non-stop from the immobile marsh in which proletarian struggle has temporarily become mired.

Of course, it is a problem which must be conceptualised within a global framework, because capitalism — not just recently — is the dominant mode of production on a world scale; rather, the profound changes which have intervened in the twenty years up until now, which are commonly and erroneously called globalisation, have further tightened the grip of capitalism on the life of the planet. Worse still, in its insatiable desire for profit, capitalism is putting, or already has, its hands on the essentials of every mode of existence and is transforming them into commodities, and so reanimating its exhausted rate of profit. This doesn't mean that we have suddenly become converted to the futile and inconsistent theory of a so-called "immaterial" capitalism, in which labour, or, more clearly expressed, the exploitation of labour-power, no longer sustains all the structure of bourgeois society because

today it is up to "immaterial" labour, "communication", and so on in a deluded fashion, to produce wealth. On the contrary, if everything is tending to become a commodity, exchange value, this doesn't actually mean that any commodity whatsoever can create value (which is not the exactly same thing as money); it is a commonplace, that their appropriation might make a few filthy rich, but this does not create wealth: it solely re-divides it in a massively unequal fashion. It is precisely because the exploitation of the unique commodity that does create wealth, labour-power, has difficulties in adequately remunerating invested capital that capitalism has entered a profound crisis, causing the collapse of regimes which appeared as if they would never fall, unleashing speculation without restraint, throwing entire continents into despair, bringing, in fact, a global attack on the world proletariat's conditions of existence. This genuine war on the proletariat has decomposed it, mixed it up and changed its surface characteristics, making it, in some ways, in the "metropolises", a little less recognisable, although much less so than the vulgar scribbles of the bourgeoisie would have us believe. It is, in order to understand the proletarian silence, from here that we must proceed, from the profound transformations that the proletariat has undergone since, in the '60's of the last century, the crisis of the accumulation of capital began to manifest itself. It is therefore a question of resuming and making the first assessments of a work from ten years ago¹, relating to Italy in particular, but exemplifying a more general tendency.

The Workplace

What were the first conclusions we reached in our analysis of the processes underway concerning the decomposition and recomposition of the working class? In outline, the introduction of the microprocessor opened the road to the disappearance of, or the great reduction of, large concentrations of workers, to their fragmentation and territorial dispersion, to the vanishing and consequent redefinition of many occupations: "The first overall result is the material and subjective disaggregation of the proletariat, its temporary annihilation".² Since then, as they say, much water has passed under the bridge, but the river hasn't dried up, but rather the contrary. Ten years ago things were practically just starting, today, after the acceleration undergone in this decade, they show the definite outlines of our framework. This is also true with respect to the way in which the bourgeoisie has succeeded in containing — if not preventing — the workers' response within the limits of what is compatible with its reign, thanks, not least, to the irreplaceable aid of the unions and "left" parties, in Italy as in Great Britain, in Germany as in the United States: we will never be able to sufficiently emphasise the fundamental role of the false defenders of workers' interests in allowing the bosses' blows to strike the workers...

One of the first elements to emerge was indeed the unceasing progressive dismantling of the large concentrations of workers, but, at the same time, there has been massive recourse, in waves across the metropolises, to so-called social shock-absorbers, which, being financed by the state, smear the costs of capital's restructuring across all

waged labour. To give an idea of the importance of the above-mentioned social shock-absorbers, it is enough to recall that in Italy, in the '80's alone, there were 350 000 early retirements,³ without mentioning the direct and indirect financing of projects "for the development of employment", the principal example of which was the FIAT establishment at Melfi.

The slow but constant erosion of employment in large factories, which still continues, was (and is) accompanied by the parallel intrusion of flexibility, that is, of a "new" organisation of work, under the sign of a deluge of insecurity and the arbitrary power of the bosses. If this "new" labour organisation has scaled down the Fordist type of production in the central countries — but without continuing to pay higher wages — it has, however, deepened and, in many ways, generalised the "Taylorist model", pushing it into those types of work, like the public sector, which regarded themselves immune to it.

The intensification and increase in the relentlessness of work and flexibility in ever more massive doses, should prove remunerative for both industrial profit and the growing financial income, which is growing because the abnormal expansion of financial speculation is one of the more "traditional" manifestations of capitalist crisis.

The sharpening of competition on an international level and the uncertainty which rules sovereign over markets, with brusque highs and lows which are difficult to foresee, and makes the forecasts of the organs like the OECD or IMF "governing" the national and international economy appear ridiculous, cause every capitalist to try and strictly link wages and the amount of labour power used to the needs of his company or, in other words, to the falling rate of profit. It is a question of a phenomenon which we have appreciated for some time — see, for example, our Congress Theses of 1997⁴ — and confirmed by the more honest sociologists, even if they are declared reformists:

It is absolutely necessary for contemporary enterprises, in order to survive international competition, to vary their direct and indirect costs in a strict relation to the changes in their markets. This means that each has the possibility of employing exactly the quantity of paid labour power which

is necessary for the production of a certain good or service in a given period of time: no more and no less⁵

In consequence, as everyone can see, there has been a veritable explosion of so-called atypical forms of work which have, with time, developed from being of secondary importance in the spectrum of the labour market to being absolutely central. The fantasy of the bosses, of the rulers and of the unions trailing in their wake has not and will not recognise any limits in the invention of types of workers who totally conform to the needs of the companies: from temporary fixed-term work to week-end contracts, from on-call jobs to apprenticeships.... They are types of contracts which, even when they do not make provisions for lower than "normal" wages, nevertheless make savings for the company in its overall wage payments, while, just because of the discontinuous and intermittent character of the employment, they reduce the global revenue of the occupied labour power. This is without mentioning the diffusion of self-employed and falsely autonomous work, whose conditions are worse in many cases, both in terms of wages and of the "enjoyment of rights", than even the more unrestrained forms of precariousness of officially employed labour.

Alongside the insecurity institutionalised and blessed by the so-called social parties, another phenomenon which is growing rapidly is the making work informal, in the speech of bourgeois sociology and the United Nations organs, that is, "black work". This is hidden, outside of any regulation, even of the purely formal sort. In all cases, precarious or "autonomous" work replaces "fixed", regular jobs with decisively higher wages.

It is not to be believed though, that increasing informality and insecurity only affects Italy, the European champion of black and hidden work (especially in the South, naturally): it is a phenomenon which strikes all the "metropolises" and does not even spare highly qualified sectors. Looking at the United States, even in this field in the vanguard, one sees that

especially in high tech sectors, many companies have recourse to 'non-normal' relations of work, the so-called permanent temporaries. In 1986 their number was 800 000, while in 1997 they had reached 2.5

million, the equivalent of 2% of workers. Estimates confirm that these permanent temporaries represent about 10% of the employees in a fifth of the high tech companies (like Microsoft and AT&T).⁶

Things are not much better in the homeland of the social state, Germany, where

between 1980 and 1995 the proportion of 'normally' employed workers fell from 80% to around 68%"; one of the consequences of this is that "In the course of ten years the number of so-called underemployed has shot up from 2.8 to 5.6 million — as a result of that — where the carrying out of 'joblets' without social contributions has become the norm, the old system of social provision is collapsing.⁷

It is just because of this that the then Minister for the Family under Schröder condemned — in a humanitarian spirit, obviously,... — the immorality, the "disloyalty" of the new Berlin proletariat, on whom the Minister wanted to impose the payment of social contributions.

Look at the chaos. Working in the black economy, shrinking wages and quasi-employed labour are very common in Berlin. Despite having jobs, people are abandoning social provision...⁸

To this we should add — another aspect already grasped by the cited 1993 analysis — the phenomenon of fragmentation of the working class in the same workplace and its distribution across several companies. As is well-known, the company, by ceding tasks to other firms, also cedes its workers, who, however, continue to carry out identical work exactly as they did before, but with a different uniform and a different contract, to the extent that in the same factory (for example, FIAT) there could be more than ten companies working at the same time. An example which at the time was reported by a few newspapers was (or is) represented by the naval dockyards of Mestre-Marghera, where numerous subcontractors were making immigrant workers from South-East Europe work much more than eight hours a day, for six or seven days a week and for "Rumanian" wages, meaning wages well below those of their Italian comrades who were working alongside. Whether it is called tertiarisation, out-sourcing, co-

operative working⁹, the end result is that the working class finds itself further divided and crossed by artificial juridical and bureaucratic barriers and, consequently, weakened in the face of capital. Summing up what has been said so far, employed wage labour has not in fact disappeared, as the “eminent” ideologues of the bourgeoisie wore themselves out prognosticating a quarter of a century ago, when the great restructuring of industry had hardly begun: it has just changed its appearance. And it is a confused, suffering and intimidated appearance, because, according to what D’Alema, as president of the council foresees, it is learning, at its own expense, to break from fixed jobs, to be exposed to the permanent blackmail of unemployment in the workplace, it is constrained to daily take account of what is no longer an anomaly or an accident, facing present and, even more so, future uncertainty.

Wages

If, from the point of view of employment the proletariat has cause to weep, the course followed by wages gives very little to laugh about. And the highest levels of the bourgeoisie have confirmed this, when, for once, they are constrained to put aside charlatan’s clothes and tell (at least in part) the truth. In fact, according to the Banca d’Italia, from 1980 to 1999

the proportion of the gross income distributed represented by wages fell from 56% to 40% [...] Net monthly pay diminished by 8.7% and low-paid workers increased by 10%.¹⁰

There are those who say that, however, the fall in wages has been much more

marked, and is more like 15-20%; but, beyond the numbers (which still matter), there remains the background data of this general tendency of a decline in wages¹¹ and of a growth in the sectors of workers situated on the bottom rungs of the ladder of “income from work”. As we have already had cause to emphasise¹², it is a phenomenon which strikes all the “West”, and which is more evident and brutal in the heart of the capitalist metropolises, the United States.

Despite the American proletariat always being almost ignored by the newspapers, the cinema and television (as well as by the hagiographies of the “left”), sometimes something seeps out of their world, and, if it is true that the most advanced nation shows the way (in the widest sense, obviously) for the others, the European proletariat has just begun to taste the “joys” of capitalism in its “globalised” version. Today, like 80 years ago,

the majority of the workers, about 60%, earn less than 14 dollars an hour”, which is what an adult with two dependent children needs to get by “normally”, so that a good “67% of adults who resort to the ‘banks’ to avoid starving [are] people who have a job.¹³

A heavy pressure for the lowering of wages — which, in the immense archipelago of services vary from \$6 to \$10 an hour — recently arrived under the Clinton administration, which, carrying out and intensifying the dismantling of welfare, forced a large number of the poor to accept wages literally at starvation levels, in conditions of work which are generally very bad.¹⁴ It is the passage from welfare to so-called workfare; in practice, while the cover of the “social state” is progressively reduced, what remains of it must be subordinated to the acceptance of whatever work is offered: those who refuse the first job offered (even if this is far from home, underpaid or in a sector which has nothing to do with their specific abilities or professional training), lose the right to unemployment benefit or assistance. As for the claimed modernity, this recapitulates the poor laws of Elizabeth I of England (at the end of the 16th century)...

The very structure of wages, over the last few years, has gradually changed, becoming more “flexible”

in adjusting itself to the rhythm of the enterprise, exactly as has the organisation of work (as we have already seen). If

the fullness of the order-book, the decisions on investment, the managerial strategy change from one year to the next, from one quarter to the next, from one week to the next,¹⁵

then, wages too must follow their course. For this reason, national contracts, accused of being excessively “rigid”, are progressively losing their central role in favour of regional, company or even individual ones. Company benefits, wages linked to productivity, a bonus distributed according to “professionalism”, as well as having the no small advantage (for the boss) of being revocable at discretion, are usually (especially in public service) not “pensionable”, or rather they do not enter into the calculations for redundancy (in the case of liquidation) or those for pensions... and this is without taking into account that company contracts only refer to a minority of the workers, in the overwhelming majority employed in small or very small firms, where the more direct contact with the boss inhibits (psychologically as well) and slows down working class initiative. But we will let someone who agrees with these things speak, since, as a trade unionist (of the left!) he actively contributed to the modification — for the worse, for the workers — of the wage structure. According to O. Squassina, the Secretary of the FIOM¹⁶ in Brescia:

the collectively contracted part of wages is ever smaller in relation to total pay, and the part individually agreed or conceded by the enterprise is beginning to significantly contribute to wages envelopes.

Perhaps the growing weight of the wages agreed on the level of the company (in their various guises) has compensated for the small role of those resulting from national agreements? We can only smile at Squassina’s words, although they are pronounced in the usual “unionese”, which is studied just to attenuate and deform the true consequences of union policies:

the weakening underway of union action deriving from the national contract and [...] the rules fixed in the 1993 Accord are not up to protecting and improving wages for all workers — but, in addition — the

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*experience in company negotiations over variable wages has been disappointing and therefore is being reviewed.*¹⁷

For the moment, those who have to review something are the workers, who are constrained to progressively change their way of life, if, again according to Squassina, they are witnessing

*an augmentation of the use of plant through the implementation of shift work; an augmentation of the hours worked through the augmentation of overtime and the collapse of the hours of leave due to illness or accidents; [the growth of] the replacement of contractual institutions such as holidays and short workdays due to festivals by money sums.*¹⁸

A result of this is not just a general worsening of the conditions of existence, but also, and this is a factor even more relevant for the aim of a political recomposition of the class, a further pressure towards the fragmentation and atomisation of the class¹⁹, which cannot help weakening and retarding a collective class response to the bourgeois offensive underway:

*Almost all strata have become rather heterogeneous and internally unequal. The differentiation of the professions and the conditions of work induced by technology and organisational models; the diversity of conditions of life and accommodation between areas and within the large cities; these are all variables which intersect among themselves and give rise to a growing variety in position and status within the same social stratum. Specifically, as regards the inequality in income from work in the advanced countries, from the early '70's to the '90's this grew not only between qualified and unqualified workers, but even more within, respectively, the stratum of the former and the stratum of the latter, within the same sector of activity more than between one sector and another.*²⁰

Now, without overvaluing nor acritically embracing these considerations, because there has never been a totally homogeneous proletariat, they do, however, without a doubt, encapsulate the basic facts; for example, newly employed workers, even with potentially permanent contracts, enjoy (as they say) wages

and norms which are generally worse than those of their work colleagues, more than was the case in the (recent) past. Despite all this, we are witnessing the substantial passivity of the working class, which accepts or calls for "solidarity"²¹ contracts, as at Volkswagen or as a FIAT worker at Termini Imerese called for on Italian TV (TGI at 20:00, 21st November 2002); a class which exchanges rights for cash, which does overtime, which therefore prevalently moves on the individualist economic terrain desired by the boss. Perhaps, then, and without falling into mechanicism (or idealism, which is the same), the crisis has not bitten sufficiently into the flesh of the ("Western") proletariat to push it, not onto the revolutionary terrain, but at least onto the path leading to the revival of true class struggle. Taking account of the warnings just enunciated, if the Argentinean proletariat (or the working class in FIAT) has moved, it is because there is nothing more to turn into cash, nothing to negotiate, nothing to "solidarise" except hunger and struggle, no possibility to make up for the fall in wages with overtime, to try to conserve that level of consumption which has been made possible up to now by the enormous development of the forces of production between the end of WWII and now.²² And, above all, the heaviest attack has been with regard to indirect and deferred wages, diluting the perception of its extreme gravity. We are referring, of course, to the reform of the pension system (which doesn't just strike at Italian workers) and, in general, of the entire "social state". Staying in Italy, the various reforms which happened between the Amato government and today (and, as every government threatens, certainly have not finished here) have premised pensions at literally starvation levels, unless people's working lives are infinitely prolonged. These provisions, just because they will make themselves felt in a future more or less distant, have in fact provoked indignation, but at levels far below their effective and devastating importance. The same goes for the health reforms (which, however, have not finished): although these hit every worker, they do so individually, when we are reduced to the state of "citizens", atomised individuals closed in their own thoughts, who find themselves having to pay a machine for doctors' notes, medicines or ambulance charges, etc. Against who should you protest: against the

machine, against the receptionist? It is very difficult to go from swearing to a self-organised struggle of... "citizens".

We should add to this that, although unemployment has become a mass structural phenomenon, the diverse levels of its incidence in the economically active between one region and another (not just in Italy) is very striking: apprentices in the North, although hyper-exploited, have a "spending power" (and this is more so if they live with their family) that the young unemployed (or in the black economy) proletariat in the South does not have, with all that this entails in terms of social rage.

The author of a study frequently cited here, in comparing the data (in fact understated) for American unemployment with those for Germany, observes that

*many new jobs [in the USA] are found in economic sectors of low productivity[...] in shops, in restaurants and in small services to individuals. In the mid-'90's the result was that 55% of the workers were employed in these sectors, in comparison with the 45% registered in Germany [...] If Germany reached the same level of occupation in the sector of these small services, we would have less unemployment here than in the USA.*²³

Now, it may appear paradoxical to talk about a special privilege, seeing the conditions in which the US proletariat finds itself, but, without the massive rake-off, of about \$500bn a year, that Yankee imperialism extorts from the whole world just by possessing the world reference currency, the USA certainly could not allow itself the "maintenance" of such a vast unproductive (of surplus value) sector; and this is without discussing the enormous overall indebtedness of American society, which, one could say, lives well above its real economic possibilities. The same can be said of the \$200bn (again, per year) which is pumped from the "South" — that is, from the exploitation and the blood of the exploited of these regions — into the accounts of the "North" (which the bourgeoisie of the "South" also gulp down), for servicing debt payments alone.²⁴ But, as well as all this, the periphery and semi-periphery play a fundamental role in slowing (but not stopping or even reversing) the world fall in the rate of profit, and, therefore, in attenuating the sharpest

consequences of this fall for the metropolitan proletariat. Not only have the most brutal and massive redundancies up to the present been carried out by the great multinational groups in the economically weakest countries,²⁵ but goods produced at low cost in the periphery and semi-periphery, above all as a consequence of so-called delocalisation, contribute both to holding down the value of labour power and allowing it a certain level of consumption, given that the goods coming from these zones form an important part of the "goods" which enter into the reproduction of labour power itself. From clothes to computers, from domestic electrical goods to toys, a considerable proportion of the objects for daily use/consumption are produced in "developing" countries or in the ex-Soviet Union.

It is worthwhile, then, to dwell on these points, and save the development of the discourse for another occasion.

Continued in the next issue

Celso Beltrami
Katarisum

Notes

1 M Stefanini, "Il rapporto tra capitale e lavoro nel processo di crisi in Italia" ("The capital-labour relation in the unfolding of the crisis in Italy"),

Prometeo, Vth series, no. 5, 1993, and "Dopo la ristrutturazione, la nuova composizione di classe. Verso la ripresa delle lotte proletarie", ("After restructuring, the new class composition. Towards the revival of proletarian struggle"), *Prometeo*, Vth series, no. 6, 1993.

2 The cited *Prometeo* 5, p11.

3 L. Gallino, *Globalizzazione e disuguaglianze* ("Globalisation and inequality"), Bari, Laterza, 2000, p37.

4 *Prometeo*, Vth series, no. 13, 1997.

5 L. Gallino, *Il costo umano della flessibilità* ("The human cost of flexibility"), Bari, Laterza, 2001, p5.

Later, p19-20, he again takes up the concept and deepens it: *From the beginning of the '90's, throughout the world institutional investors — especially Anglo-Saxon pension funds, with portfolios of hundreds of billions of dollars — demanded that companies reward their capital with rates of 10-15% per annum. Seeing that they had the fattest share of the companies' shares at their disposal, no manager, from the managing director downwards, could even think of denying their requests. But how could they obtain from the capital invested in the company a revenue of 10-15% p.a., when the economy, or rather the GNP, was growing in the best of cases*

at a rate of 3% p.a.? Certainly not by producing goods and services, because the rate of growth in GNP is nothing but the sum, recalculated year on year in real terms, of their value. Rather, by spasmodically suppressing the costs of production, starting with those over which you have the most direct control — labour costs. Both those in your own company and those of your suppliers. In so far as it permits the establishment of a stricter relation between the pace of production and the quantity of labour power utilised, flexible working is an instrument that managers are constrained to use.

6 U. Beck, *Il lavoro nell'epoca della fine del lavoro. Tramonto delle sicurezze e nuovo impegno civile* ("Work in the epoch of the end of work. The end of security and the new public employment"), Turin, Einaudi, 2000, p121-122.

7 U. Beck *op. cit.*, p123-124.

8 *Ibid.*

9 This so-called co-operative working resembles very closely the gang system in use in 18th century England. See K. Marx, *Capital*, Vol. I, Chapter 25. In the Lawrence and Wishart edition, see pp649f.

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Brazil: Social Democracy Yet Again Papers over the Cracks in Capitalism

Introduction

Latin America has been teetering on the brink of total barbarism for so long that any new commentary seems unnecessary but in the last few years the world economic crisis and the neo-liberal policies that have been adopted to deal with it have plunged millions into the most desperate poverty. This has had several effects. In some places like Colombia, the state has all but collapsed (or divided). In Haiti, probably the poorest place on earth despite being a natural paradise, the state has collapsed into gang warfare. In Argentina, the mass revolt of 2001 which led to the \$95bn default (the largest in history) and five Presidents in twelve days has, for the time being lapsed into uneasy calm as new elections are planned for April. Elsewhere, there has been the advent of a new social democracy in Chile, Ecuador, in Bolivia and, to a certain degree, in the populist figure of Chavez, who has just survived a two month long attempt by the US to bring him down, via a strike of the business sector backed by some unions. The latest, and perhaps most significant social democratic victory took place last October in Brazil.

Lula's victory

At the fourth attempt, Luis Inacio Lula da Silva, otherwise known as "Lula", ex-shoeshine boy, metalworker, ex-trades union leader and candidate of the Workers Party (PT) has become President of Brazil. And in style. The 60% plus of the votes he received in the October 2002 election was a record for Brazil. Historically, it is the first time any candidate supposedly representing the working class has achieved anything like this success. As usual, social democrats everywhere have enthusiastically turned to him as the great hope of the left.

Ironically on the very day that Lula was elected, his party lost control of the southern state of Rio Grande do Sul

which they have held for the last eight years. This has not dampened the ardour of the new reformists who have invested so much in Lula's limited vision of reform.

Porto Alegre

Take for example the editor of *Le Monde Diplomatique* which sponsors ATTAC, the think tank of the anti-capitalist movement. Writing in January 2001, his enthusiasm for the running of the city of Porto Alegre by Lula's party bordered on the delirious. Justifying the decision to hold the World Social Forum in Porto Alegre he asked:

Why Porto Alegre? Because in recent years the city has become something of a symbol. The capital of the Brazil's southernmost state, Rio Grande do Sul, on the border with Argentina and Uruguay, Porto Alegre is a kind of social laboratory, and as



Lula may give social democracy a workers' face, but nothing can erase its bourgeois content

such is being closely watched by international experts in urban planning.

For twelve years now, it has been governed in new and original ways by a leftwing coalition led by the Brazilian Workers' Party (PT). In a whole range of sectors (housing, public transport, highways, rubbish collection, clinics, hospitals, sewerage, environment, social housing, literacy, schooling, culture, law and order, etc.), the city has made spectacular progress. The key to this success has been its "participatory budget" (*orçamento participativo*), which makes it genuinely possible for the inhabitants of any given neighbourhood to define concretely and democratically where municipal funds are to be allocated. In other words, the people of the city decide what kind of infrastructures they want to create or improve, and the system enables them to follow in detail how work is progressing and how the money is being spent. This leaves less room for corruption and the siphoning of public funds, and urban investment is more likely to match the majority desires of the city's population.

We might add that this political experiment is taking place in an atmosphere of total democratic freedom, in confrontation with a very vocal rightwing opposition. The PT does not control local newspapers or radio stations, let alone the TV channels, which are in the hands of big media companies allied to the local employers and therefore hostile to the PT. In addition, the party has been careful to respect the Brazilian federal constitution, which means that it has very limited political margins of manoeuvre. Particularly in fiscal matters, where it has not been able to legislate as it would have wished. However, citizen satisfaction has been such that in the mayoral elections of last October [2000 – CWO] the PT candidate received more than 63% of the vote.

Ramonet goes on to tell us that Porto Alegre is a place for “dreamers” who want

...an alternative model of globalisation – one that is not built on principles of exclusion...

which makes him sound just what he is: a complete social democratic reformist. There is nothing in his vision about ending all the real causes of the misery which still hangs over the landless in the countryside of the North East, in the shanty towns (*favelas*) or in other working class districts where unemployment is rising. At one time, social democracy actually stood for some attempt at using the state to mitigate the worst excesses of the capitalist market (naturally, in order to save capitalism), but not today. Now their only selling point is the self-management of poverty. This has nothing to do with ending capitalism.

Lula has been elected by a broad range of interests which encapsulate the Catholic Church, the trades unions, the homeless, the landless, the unemployed, the petty bourgeoisie who are scared at the rise in taxes and crime, and even Brazilian business. Lula's Vice-president is a businessman from the Liberal Party. The President of the Brazilian equivalent of the CBI immediately after the election welcomed the result stating that

It represents the proof of the maturity which Brazilian society has reached and an important point in the consolidation of democracy.¹

Lula himself has abandoned his jeans and tee shirt to don the grey suit of corporate global capitalism. In January, he went to the World Social Forum to justify his attendance in the den of global capital at the World Economic Forum in Davos during the same week. In fact, Lula had already made it clear that he would respect all the plans made by the outgoing Cardoso regime with the IMF to further cut state spending and increase taxes. Avoiding inflation was the declared policy of the PT long before the election and he has further announced that the central bank will have greater independence from government. The international financiers were also convinced that he was not going to do an Argentina by defaulting on his loans (although in Brazil's case most of its debt is in any case with its own financial oligarchy). This is bad news for the poor and possibly explains why

Lula as President is so welcome to the capitalists. Who better to manage the inevitable social crisis?

But the situation is deteriorating. Over the last decade the Brazilian government has had the benefit of \$103 billion revenue from the privatisation of what was once an enormous state sector. This has been used up in trying to reduce state indebtedness (so that borrowing can be reduced and money does not have to be printed to fuel inflation). Despite this, government debt has risen from 40% of GDP to 55% of GDP today. This is partly because the value of the Real has declined against the dollar which has produced a fall in GDP in dollar terms. The previous rise of the dollar though is, as we have stated elsewhere a function of US policy in the face of the global capitalist crisis. All this is despite an extraordinary increase in productivity (i.e. exploitation) of the Brazilian working class, in both the factories and the fields. As the *Financial Times* put it in July 2002

...Brazil's steel companies are among the lowest cost producers in the world and productivity has increased in motor manufacturing, textiles and shoes. Production costs of soy-beans, cotton, and sugar are between 20 and 50 per cent lower than the US. It costs Brazilian farmers 20% less than their European competitors to produce beef and poultry.

However, now the arguments of the “fair trade” lobby enter the story. The great thing about advocating free trade around the world if you are already an industrialised powerful state is that you don't actually have to practice it yourself. Now state capitalist measures take the form of selective subsidies to protect local economies. In the US the top 15 export products of Brazil face an average tariff of 30% but the top 15 US imports into Brazil only face tariffs of 14%. Brazilian sugar is taxed at 118% when it enters Japan. Recent US protectionist measures (e.g. on steel) have made any talk of trade reform utopian. With the fall of world commodity prices (due to a shrinking market as the crisis hits the industrialised countries) it is clear that Brazil's current trade deficit can only grow. The solution is neither fair trade nor free trade but the end of the commodity economy, so that all places freely distribute those products which they produce most efficiently. This, of course, is real anti-capitalism, and is

not on the agenda either in Porto Alegre or Brasilia.

New government, same society

Brazil is the tenth largest economy in the world. It has 170 million people. If there was one state which should break into the magic circle of the advanced capitalist countries it should be Brazil. But it has not and will not, given the state of imperialist relations we have outlined. Today, the disparities of wealth within Brazil are a microcosm of the world situation. Officially unemployment is only 6.2%, but that hides the real state of the poor. Something like 35 million of the population experience levels of poverty equalled only in the most desperate parts of Africa whilst the rich have a lifestyle like that in Europe or the US. Whilst the latter get inside their increasingly gated “communities”, the “criminals of want” are on the increase too. It will take more than local people arguing how they spend a reduced budget or visits of tearful cabinet ministers in suits to *favelas* to mend this hole in the social fabric. This is why Lula and his party are going around saying that nothing will be done in a hurry and that little will change. The leader of the PT Jose Dirceu has already announced that

We expect 2003 to be a year of crisis. Society is aware that the margin for manoeuvre is small.²

But selling illusions and administering palliatives is what the new government has been created for. And the “anti-capitalists” who currently look to Porto Alegre will be bitterly disappointed even in their own limited agendas. Even more disappointed will be the millions of Brazilians who will remain on the margins of existence. Only the total overthrow of global capitalist relations can begin to create the conditions for them to have a decent life.

AD

1 From Rainews24 (Italy), translated from *Brasil: Lula's Victory is not the Proletariat's Victory* in *Battaglia Comunista* 11 (November 2002)

2 Quoted in *The Financial Times* Oct 28th 2002 p8

Porto Alegre: Confirmation of the Urgent Need for Revolutionary Organisation

Introduction

In January, while the annual World Economic forum of those with real economic clout was held in Davos, Switzerland, what has become an alternative ritual — the so-called World Social Forum — was meeting at Porto Alegre, Brazil. A massive event which claimed 80 000 participants, Porto Alegre is the offspring of the anti-globalisation movement that has accompanied the rampant pillage of the planet and massive step-up in exploitation of the world's working class by the strongest capitalist powers who are desperately competing with one another to maintain profit levels. From reactionary, small-minded nationalists like Jose Bove (the French populist demagogue), interested only in protecting their 'own way of life' (i.e. maintaining agricultural subsidies), the event attracts a whole gamut of reformers — pacifists, Christians, charity workers, trade unionists, eco-warriors ... all ready to discuss the war in Iraq amongst the other pressing world issues such as 'sustainable development', 'human rights', 'world democracy and militarisation' and 'the media'. Amongst all this, the Social Forum is also a reference point for those who realise that 'a new world is possible' only by revolutionary means, and that this might still have something to do with the struggle of the working class against capital. (Even if this is increasingly reduced to some kind of primordial struggle of the poor against the rich, or the powerless against the powerful.)

In Italy, as here, the 'libertarian' left have either directly thrown themselves into or have gradually been sucked into this radical (or not-so radical) reformist camp. As in Britain, groups who set out with a class analysis of capitalism and an understanding of the indispensable role of the working class for any genuine anti-capitalist movement are abandoning this in favour of 'direct action', where the whole business of building a consistent

revolutionary organisation is thrown out of the window. Also reminiscent of here, our comrades in Italy are finding that the likes of the Autonomists and the 'Disobedients' are keen to avoid any engagement with the only political current that has never abandoned a class perspective and has never taken Stalinist dictatorship or state capitalism for socialism. But then, as the adoption of the name 'Disobedience' by a fraction of the No War But Class War grouping with whom we have been trying to engage for a long time now¹ shows, this is not the only coincidence. The fact is that the ideology of our 'anti-Leninist', 'anti-hierarchical' 'anti-capitalists' is for the most part unoriginal and derivative. When they are not simply swallowing wholesale the bourgeoisie's nasty Lenin propaganda as a substitute for dealing with the fundamental question of revolutionary organisation, when they are not picking the bits that suit them from the councilist wing of the communist left tradition and mixing them up into an incoherent pulp with anti-Marxist drivel dug up from the long since discredited (by serious revolutionaries) ideas of one Cornelius Castoriadis, they are paying homage to Antonio Negri and aping the Italian Autonomists. Whilst having the little-known work of Negri et al. as the 'theoretical' underpinning of your actions may have the advantage of forestalling criticism about its revolutionary value, it does not prevent would-be revolutionaries from losing all sense of independent working class struggle and their own role for developing that. The article below, translated from the February issue of our sister organisation in Italy, Battaglia Comunista, deserves to be taken on board by anyone on the anti-capitalist left who wants to maintain a class struggle position. If anything, the need for a serious critical appraisal about the political direction they are taking is even more necessary here.

It is one of the paradoxes of history — but only when judging by appearances — that, the more the evolution of the crisis of world capitalism reduces the space for reformism, the more the latter seems to grow and become more popular.

The fourth session of the Social Forum at Porto Alegre is clear proof of this. Never have there been more visitors and participants than this year. Never has it received so much attention from the media — so much so, that the organisers of the event have started to wonder about the real effectiveness of

such a gigantic endeavour. Certainly Lula da Silva's accession to the head of state has given new hope and infused new energy into the 'reformist populace', even if his incursion into the lion's den of 'neoliberalism' has also brought them new worries. Yet, while the extremely conciliatory statements about capitalism and slightly harsher ones towards the USA indicate the role a Latin American bourgeoisie might play in the imperialist balancing act, it is not this that concerns us here.

Rather, it is more interesting to focus on the increasingly open convergence

that became manifest at Porto Alegre between Italy's institutional Left and the world of reformism from 'below' — everyone from the Cobas [rank and file unions, trans.] to the Disobedients who, up until now, have either congregated on the margin of the official institutions (at least in appearance) or have entered them by the back door in order to maintain the fighting image they have consciously or not so consciously adopted.

Amongst the various forums, meetings, etc., there is one worth considering — that is, the discussion between the

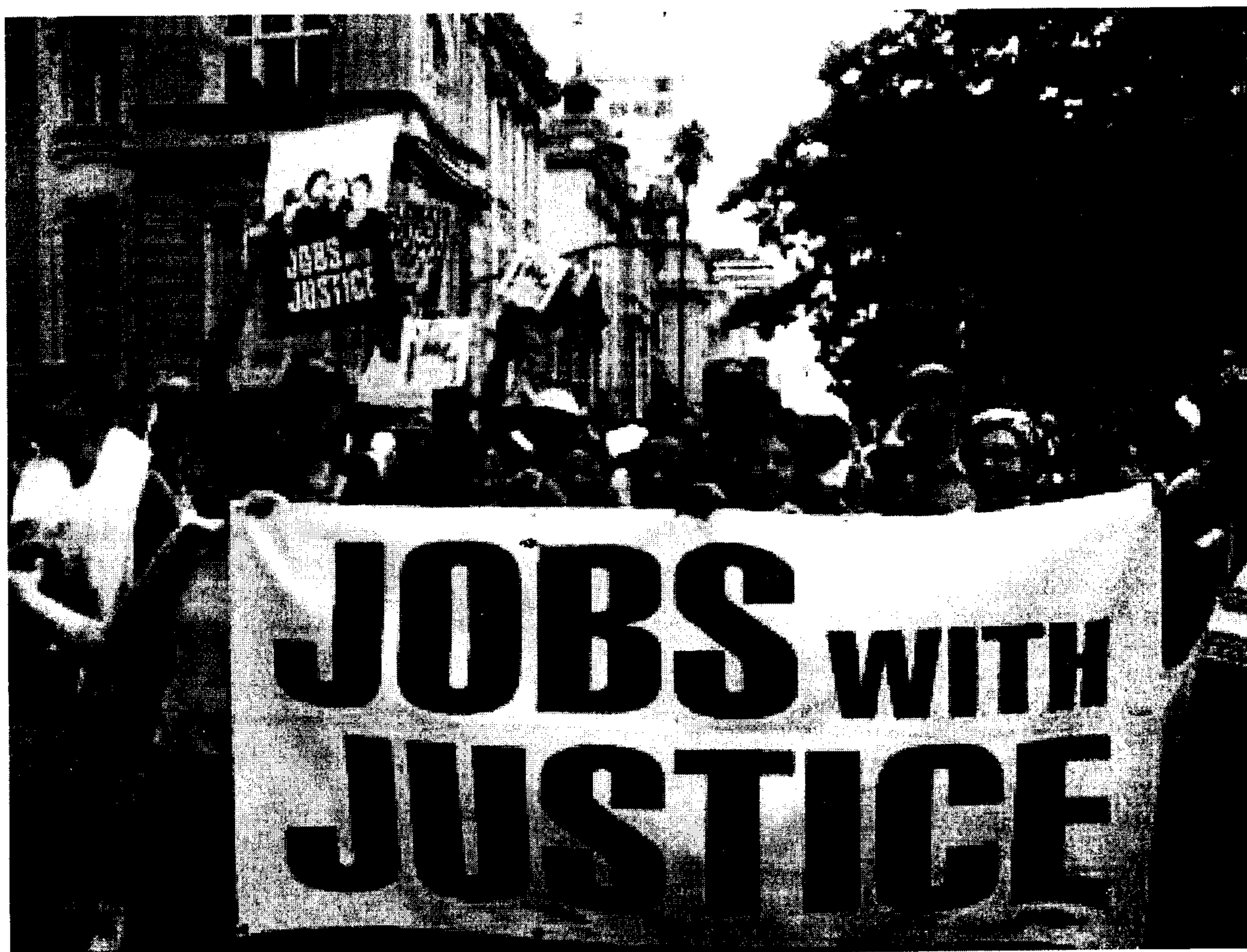
Argentinian *piqueteros* (but from which political current?) and the CGIL², whose leader, Epifani, flew to the other side of the Atlantic in order to bring the adjectives 'new' and 'antagonistic' to the CGIL. So what had the *piqueteros* to say, given that their political activity is very far from (if not opposed to) the sort of demands the main unions in Italy are still putting forward today? This might seem a marginal episode. In fact, however, it shows how difficult it is for a proletarian organisation which has grown out of the very hard struggle to defend basic class interests to progress towards a full and coherent revolutionary strategy when there is no corresponding revolutionary organisation to politically integrate with it. The situation is worse (if there can be worse), when the struggle organisation is animated by reformist political currents who imprison the proletarian movement inside an anticommunist perspective — i.e., the long standing and widespread historical untruth that nationalisations or state capitalism mean communism. If the *piqueteros* believe — correctly — that the Argentinian unions are the refuge of bureaucrats at the service of 'their' bosses with whom, therefore,

there can be no dialogue, why ever give working class legitimacy to the CGIL?

When we say 'coherent class vision' we also mean, of course, 'internationalist', that is the viewpoint which lifts the struggle of any single category of workers from out of its national context and sets its specific problems in the context of the struggle of the world working class. If this perspective was valid yesterday it is even more valid and indispensable today. What could a hypothetical Italian *piquetero* say to Epifani except that proletarian interests can only be defended outside of and against the historical-political tradition of trade unionism and all it stands for? It is purely because they haven't fully settled accounts with the real nature of the trade union (understood in the general sense) that even instinctively radical sections of the working class accept such ambiguous policies — policies which are destined to extinguish even the most promising flames of proletarian revolt.

A further indication of the political mish-mash visiting the Brazilian city is that the Disobedients — in any case their spokesmen at this meeting — signalled a further move towards

Epifani when their 'important figures' Casarini and Caruso³ spoke of a possible common initiative against the likely war in Iraq. In contrast to the *piqueteros*, these characters are not the product of a proletarian movement, even if there are plenty of angry young proletarians within the very heterogeneous movement to which they belong and they work directly on the basis of petty bourgeois reformism. Even so, they have always pretended to act outside of institutions, the 'official' trades unions included. In fact, even if their criticism of the unions certainly does not start from our premises, they nevertheless arrived at our conclusions: the CGIL was considered nothing other than a fine product of notorious civil society. However, the limitations of this antagonistic stance have — to tell the truth, very quickly — been exposed. Even though the FIOM⁴ is a founding member of the Social Forum, even if last November's demonstration in Florence was in large part due to the organisational machine of the CGIL, now Casarini and Caruso are openly extending an offer of marriage to this union which supported the war in Serbia (calling off strikes that had already been announced), which is co-



Porto Alegre, 2003: all reformism has left are utopian slogans which capitalism cannot satisfy and which can only help the bourgeoisie by "leading" the working class to defeat.

responsible for the heavy blows inflicted on the workers, which is in fact leading the opposition to the Berlusconi clique by its re-launch of the idea of 'another set-up is possible' and its support for the European imperialist front. Thus, Casarini is now proclaiming himself the true, and almost unique, defender of the "Constitution and Charter of the rights of man" [*Il Manifesto*, 26.1.03]. Possibly he has never heard it said, or it has never come to his mind, that constitutions with their legal underpinning are the supreme instruments for guaranteeing the interests and privileges of one class, the ruling class?

No less serious, but discounted by everybody, is the fact that the Disobedients — going by what their leaders are saying — have learned absolutely nothing from the tragic events of Genoa in 2001. In fact, how are they proposing to respond to the war? While the CGIL launches the 'democratic' response, they reserve for themselves the 'disobedient' response — i.e. sabotage (?) and, nothing less (!) than the occupation of military bases (Only American ones? Why not also Italian ones?)⁵ Now, there are two possibilities, even if they are not mutually exclusive. Either this is a propaganda scheme, a massive publicity stunt, a way of gaining quick political recognition for your own personal actions (well, youth is short and you need to think of impressive things to do ...); or else what we are faced with is a very serious and irresponsible act of bluster which may be paid for very, very dearly by anyone who is naïve enough to believe such nonsense. Wasn't the tragic-comical attempt to invade an absolutely insignificant place like the infamous Red Zone of Genoa enough to demonstrate for the *n*th time that the bourgeois state hits back, and hits back hard when the contest goes beyond certain limits? Do they really believe that it is possible to penetrate a military structure without unleashing a predictably strong response by the military itself as well as the police? And what purpose does it serve to put thousands of lives at risk: to then cry over the scarce respect for human life or for the Constitution on the part of the bourgeoisie's forces of law and order?

The trouble is that this sort of behaviour is not limited to the *Disobedients*. There are others, such

as *Autonomia Operaia* [*Workers' Autonomy*], who share the same roots but who want to remain anchored to a class vision of society. Even though this camp is very fragmented and, in some respects, incoherent, as a whole it has not found a way out of the deep contradictions which engulf it because — up to now — it hasn't wanted or known how to critically re-examine its own theoretical-political presuppositions. Having been abandoned by the celebrated intellectuals who once 'gave out the line' and who have now gone over (only now gone over?) to openly social democratic or liberal positions, the survivors (and, unfortunately, the youth who are following in their footsteps today) have no alternative but to tiredly repeat the same old slogans and analyses which are not borne out by a single fact.

With no clear political (revolutionary) perspective, they uselessly persist with activity for the sake of it — or, rather, with the attempt to realise an increasingly minimum programme. Unable to see reality except through the distorted lense of their own muddled ideology, they are convinced that small, isolated 'days of action' promoted by the extreme left (demonstrations, over-ambitious acts of disruption) can impede the relentless operation of capital. Significantly, for a large part of what remains of *Autonomia* (and also for the *Disobedients*), there is hardly anything left of the centrality of the working class, or put in other words, the extortion of surplus value, the exploitation of wage labour are no longer regarded as the vital lymph of this society. With these premises it is obvious that political activity amongst the working class has only the same weight (if not less) than activity directed at influencing part of that infamous public opinion.

It is useless expecting anything to come from this. It is up to those energetic youngsters themselves, who as yet are only rebellious, to make the qualitative leap and transform themselves into revolutionary fighters if they do not want to remain prey to cynical political

'antagonists' or of impotent nostalgics yearning for a past which has gone for ever. The revolutionary party needs them no less than they need the revolutionary party.

CB

¹ See previous issues of this journal for our experiences with NWBTCW.

² *Confederazione Generale Italiana di Lavoro* — General Confederation of Italian Labour.

³ Casarini is the spokesman for the Disobedients (*ex-tute Bianche*) and Caruso of the network of Southern Rebels. Both of these organisations have evolved out of the old *Autonomia Operaia* (Workers Autonomy).

⁴ *Federazione Italiana di Operai Metalmeccanici* — Italian Federation of Metalworkers.

⁵ The same question could be asked of their British counterpart, Disobedience, who are planning a 'day of action' in March at the American military base in Fairford, Gloucestershire.

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Editorial : l'Argentine
Elections et parlementarisme
Algérie, Kabylie été 2001
Marxisme et conscience de
classe
De quelques
considérations autour de
l'intervention en Afghanistan

N°3 février 2002
3 Euro

On Class Composition and Recomposition in the Globalisation of Capital

10 R. Bellofiore, "Il caso italiano" ("The Italian Case"), *Rivista del Manifesto*, no. 17, May 2001, p31.

11 *The bottom line is that, in 2001 real gross wages were greater than those of ten years earlier by a bare 5%, while the productivity of labour grew by 24%. The real net wages were — instead — lower in 2000 than they were ten years earlier. The growth in real wages has not shone in hardly any European country in the last decade; and, in the last three years in the euro zone real wages have remained at the starting line [...]* In short, employees' earnings have never before suffered such an abrupt and persistent suppression in half a century of Italian history, M. Zenezini, "Quanto costano i bassi salari?" ("What is the cost of low wages?"), *Rivista del Manifesto*, no. 33, November 2002, p32.

12 See "Appunti su globalizzazione, classe operaia e azione sindacale" ("Notes on globalisation, the working class and union action"), *Prometeo VI*th series, no.4, 2001.

13 B. Ehrenreich, "Nickel and Dimed: On (Not) Getting By in America," Metropolitan Books, 2001. The "food banks", as can easily be guessed are modern soup kitchens, where the poor receive the donations of rich individuals.

14 B. Ehrenreich, *ibid.*

15 U. Beck, *cit.*, p152.

16 *Federazione Italiana di Operai Metalmeccanici* — Italian Federation of Metalworkers.

17 O. Squassina, "Il salario diseguale" ("Unequal wages"), *Rivista del Manifesto*, no. 15, March 2001, pp25-26.

18 O. Squassina, *cit.*, p25.

19 *We must then conclude that secondary contractual negotiations [i.e., on the level of the firm rather than nationally] and the spreading of practices which link pay to company results have not compensated for the*

decline of [the contribution to pay of] national contractual negotiations, have not always succeeded in linking earnings to the dynamic of effective inflation, have pushed towards a widening of salary differences (including between the North and the South) and, in the long term, have not succeeded in biting into earnings linked to productivity, M. Zenezini, cit., p34. Once again, we cannot but note that, despite the "restrained" language of the reformists, the reality emerges in a sufficiently clear way.

20 L. Gallino, "Globalizzazione e disuguaglianze", *cit.*, p73.

21 "Solidarity" with the bosses, it goes without saying!

22 The rather generalised entry into home-owning attenuates, to some extent, the effects of the drop in wages, as the fact of paying a mortgage (and not a rent) can put the brakes on the readiness to struggle; one could risk, in the long term, the loss of one's house. On this question, the observations of Engels in *The Housing Question* (which we quoted in "Da Vienna a Porto Alegre", *Prometeo*, VIth series, no. 3, 2001) are still valid.

23 U. Beck, *cit.*, p162.

24 U. Beck, *Repubblica*, 8th November 2002.

25 M. Dinucci, *Il sistema globale 2002*, Bologna, Zanichelli, 2002, p4.

The CWO's Basic Positions

1. We aim to become part of the future world working class party which will guide the class struggle towards the establishment of a stateless, classless, moneyless society without exploitation, national frontiers or standing armies and in which the free development of each is the condition for the free development of all (Marx): Communism.

2. Such a society will need a revolutionary state for its introduction. This state will be run by workers' councils, consisting of instantly recallable delegates from every section of the working class. Their rule is called the dictatorship of the proletariat because it cannot exist without the forcible overthrow and keeping down of the capitalist class worldwide.

3. The first stage in this is the political organisation of class-conscious workers and their eventual union into an international political party for the promotion of world revolution.

4. The Russian October Revolution of 1917 remains a brilliant inspiration for us. It showed that workers could overthrow the capitalist class. Only the isolation and decimation of the Russian working class destroyed their revolutionary vision of 1917. What was set up in Russia in the 1920's and after was not communism but centrally planned state capitalism. There have as yet been no communist societies anywhere in the world.

5. The International Bureau for the Revolutionary Party was founded by the heirs of the Italian Left who tried to fight the political degeneration of the Russian Revolution and the Comintern in the 1920's. We are continuing the task which the Russian Revolution promised but failed to achieve — the freeing of the workers of the world and the establishment of communism. Join us!

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